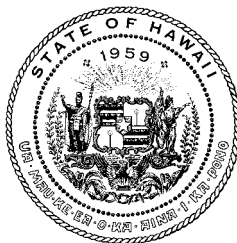


# 1998



# Form N-15

## STATE OF HAWAII — DEPARTMENT OF TAXATION

### Hawaii Nonresident and Part-Year Resident Income Tax Forms and Instructions

**THIS PACKAGE CONTAINS:** **Form N-15**, Individual Income Tax Return — Nonresident and Part-Year Resident; **Schedule X**, Tax Credits for Hawaii Residents; **Form N-101A**, Application For Automatic Extension of Time To File Hawaii Individual Income Tax Return; and **Tax Facts No. 95-1**, All About the Hawaii Use Tax

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#### MESSAGE FROM THE DIRECTOR

We realize that the tax laws change from year to year and are complex. To make tax filing easier for you, Hawaii has adopted many of the federal income tax provisions.

We appreciate the effort you made last year in filing an accurate tax return. This resulted in the faster processing of your returns and a prompt refund. We congratulate you.

We suggest the following to assist you in filing your return and receiving an early refund:

- Please check your mathematical calculations before sending in your return. Mistakes may bring requests for clarification and may slow up refunds.
- Mail your return as soon as possible to avoid those delays that are inevitable due to the volume of business at the end of the State income tax season on April 20th.
- Use the preprinted name and address label and preaddressed envelope, if you receive them. Both help to prevent mistakes and to assist in processing refunds faster.

As a reminder, be sure to keep a copy of all the worksheets you complete in these instructions.

Hawaii tax forms, along with other information, are now available at:

Website: <http://www.state.hi.us/tax/tax.html>

Forms by Mail: 808-587-7572 or toll-free 1-800-222-7572

Forms by Fax: 587-7572 (callers on Oahu) or 808-678-0522 from your fax machine (callers outside Oahu)

State of Hawaii 1998 Tax Information CD

Consumer Dial: 808-587-1234, message 7700 (recorded tax information only)

We continue to be committed to improve and to provide quality service to you. We thank you for the suggestions you have given us in the past, many of which have been helpful and have been used. If you have more suggestions, please send them to me in writing at the Department of Taxation, P. O. Box 259, Honolulu, Hawaii 96809-0259.

A handwritten signature in black ink, reading "Ray K. Kamikawa".

RAY K. KAMIKAWA  
Director of Taxation

**DUE DATE: APRIL 20, 1999**

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State of Hawaii  
Department of Taxation  
P.O. Box 3559  
Honolulu, Hawaii 96811-3559  
(See inside for correct filing address)

# Changes for 1998

- The energy conservation tax credit is extended to July 1, 2003, provided that if similar federal energy tax credits are established after June 30, 1998, but before July 1, 2003, then the state tax credit will be reduced by the amount of the federal energy tax credit. (Act 163)
- Adopts expanded IRAs for active pension plan participants. (Act 113)
- Adopts nondeductible Roth IRAs which allow the tax free accumulation and distribution of income. (Act 113)
- Adopts the education IRA. (Act 113)
- Adopts the above the line deduction for interest expense on higher education loans up to \$1,000. (Act 113)
- Adopts new phase-in schedule for deduction of health care insurance expenses by the self-employed. (Act 113)

## Important Reminders for 1998

- The medical services excise tax credit is no longer available.
- At the top of Form N-15, you must check the applicable box to indicate whether you are a nonresident or part-year resident. If one of the boxes is not checked, your return may be processed incorrectly and may result in a delay.
- Keep a copy of the worksheets you complete in the instructions for your records.
- If you are unable to file by April 20, 1999, you may request an extension to file Form N-15 on Hawaii Form N-101A. You may use federal Form 4868 instead of Form N-101A by substituting the appropriate amounts for Hawaii income tax purposes. Also, in the title area, any reference to U.S. should be crossed off and replaced with Hawaii.
- Please complete all required entries on your tax return. Failure to do so may result in a notice of adjustment being sent to you and you may be required to file an amended tax return to correct missing entries.
- Line 37 on Form N-15 MUST be filled in. Failure to do so could cause delays in processing your return.
- Please be sure to check the appropriate filing status box.
- Please check all arithmetic on the return. A correct return will help us process your return efficiently and issue refunds quickly.
- If you are married and filing separate returns, the refund from your spouse's return cannot be applied to your liability.
- Include your spouse's social security number if you are married whether a joint or separate return is filed. If your spouse is an alien and was issued an ITIN by the IRS, enter your spouse's ITIN.
- Attach your employee earning statements (HW-2's or federal W-2's) to the front of your return.
- If someone prepares your tax return and charges you a fee, the preparer must sign and complete the Paid Preparer's Information box.
- Please mail in your return on or before April 20, 1999.
- Please place proper postage on the envelope before mailing. If there is insufficient postage on the envelope, it will be returned to you by the U.S. Postal Service.
- Keep a copy of your return for your records.
- If you would like a copy of the Hawaii Taxpayer's Bill of Rights, please contact any District Tax Office.

## Items to Note

- Act 113, SLH 1998, updated Hawaii's conformity to the Internal Revenue Code (IRC) to include amendments made to operative provisions of the IRC by the Taxpayer Relief Act of 1997 and the Balanced Budget Act of 1997. Hawaii adopted the exclusion of \$250,000 (\$500,000 for marrieds) of gain upon the sale of a principal residence, effective for sales and exchanges made after May 6, 1997. Taxpayers who were entitled to claim this exclusion in 1997 but did not do so may file amended tax returns. For more information, consult your taxation district office.
- Act 157, SLH 1998, reduces the income tax rates and expands the income tax brackets. These provisions are phased in over a 4-year period. For taxable years beginning after December 31, 1998 (and before January 1, 2001), the tax rates range from 1.6% to 8.75% of taxable income. Note: If you file your tax return on a fiscal year basis, please contact the Department of Taxation for information on computing your tax.
- Act 157, SLH 1998, provides a new low-income refundable tax credit for taxpayers with adjusted gross incomes up to \$20,000. Effective for taxable years beginning after December 31, 1998.
- Act 157, SLH 1998, repeals the food tax credit for taxable years beginning after December 31, 1998.
- The federal provisions in the Internal Revenue Service Restructuring & Reform Act of 1998 have not been adopted for Hawaii income tax purposes at the present time. A conformity bill will be introduced to the 1999 Hawaii Legislature which may adopt certain of the provisions. You cannot claim any of the federal provisions on your Hawaii income tax return until it has been enacted by the State of Hawaii.

# STATE OF HAWAII — DEPARTMENT OF TAXATION

## RELATED FEDERAL/HAWAII TAX FORMS

Federal Form Number	Title or Description of Federal Form	Comparable Hawaii Form	Copy of Fed. Form May Be Submitted+
W-2.....	Wage and Tax Statement.....	HW-2.....	Yes
W-4.....	Employee's Withholding Allowance Certificate.....	HW-4.....	No
W-10.....	Dependent Care Provider's Identification and Certification .....	HW-16.....	No
1040 .....	U.S. Individual Income Tax Return .....	N-12 .....	No
1040 Sch A .....	Itemized Deductions.....	None .....	No
Sch B.....	Interest and Ordinary Dividends .....	None .....	No
Sch C.....	Profit or Loss from Business.....	None .....	Not Required
Sch C-EZ.....	Net Profit From Business.....	None .....	Not Required
Sch D.....	Capital Gains and Losses.....	None .....	No
Sch E.....	Supplemental Income and Loss .....	None .....	Not Required
Sch F.....	Farm Income and Expenses.....	None .....	Not Required
Sch J.....	Farm Income Averaging .....	N-168.....	No
Sch R.....	Credit for the Elderly or the Disabled .....	None .....	No
1040A.....	U.S. Individual Income Tax Return (short form).....	N-13 .....	No
1040ES.....	Estimated Tax for Individuals .....	N-1 .....	No
1040EZ.....	Income Tax Return for Single and Joint Filers With No Dependents .....	None .....	No
1040NR .....	U.S. Nonresident Alien Income Tax Return.....	None .....	No
1040X.....	Amended U.S. Individual Income Tax Return.....	N-188X.....	No
1045 .....	Application for Tentative Refund .....	N-109.....	No
1128 .....	Application To Adopt, Change, or Retain a Tax Year .....	None .....	Yes
1310 .....	Statement of Person Claiming Refund Due a Deceased Taxpayer .....	N-110.....	No
2038 .....	Questionnaire — Exemption Claimed for Dependent.....	None .....	No
2106 .....	Employee Business Expenses .....	None .....	Yes
2106-EZ.....	Unreimbursed Employee Business Expenses.....	None .....	Yes
2120 .....	Multiple Support Declaration .....	None .....	Yes
2210 .....	Underpayment of Estimated Income Tax by Individuals and Fiduciaries.....	N-210.....	No
2441 .....	Child and Dependent Care Expenses .....	Schedule X .....	No
2688 .....	Application for Additional Extension of Time to File U.S. Individual Income Tax Return.....	N-101B.....	Yes
2848 .....	Power of Attorney and Declaration of Representative.....	N-848.....	Yes
3903 .....	Moving Expenses .....	N-139.....	No
4562 .....	Depreciation and Amortization .....	None .....	Yes
4684 .....	Casualties and Thefts.....	None .....	Yes
4797 .....	Sales of Business Property .....	Sch D-1 .....	No
4835 .....	Farm Rental Income and Expenses .....	None .....	Yes
4852 .....	Employee's Substitute Wage & Tax Statement .....	L-15 .....	No
4868 .....	Application for Automatic Extension of Time to File U.S. Individual Income Tax Return.....	N-101A.....	Yes
4952 .....	Investment Interest Expense Deduction.....	N-158.....	No
4970 .....	Tax on Accumulated Distribution of Trusts .....	N-405.....	No
4972 .....	Tax on Lump-Sum Distributions .....	N-152.....	No
5213 .....	Election to Postpone Determination (Hobby Losses) .....	None .....	Yes
5329 .....	Return for Additional Taxes Attributable to Qualified Retirement Plans (Includings IRA's), Annuities and Modified Endowment Contracts .....	None .....	No
5884 .....	Jobs Credit .....	N-884.....	No
6198 .....	At-Risk Limitations.....	None .....	Yes
6252 .....	Installment Sale Income .....	None .....	Yes
6781 .....	Gains and Losses From Section 1256 Contracts and Straddles .....	None .....	Yes
8582 .....	Passive Activity Loss Limitations .....	None .....	Yes
8586 .....	Low-Income Housing Credit.....	N-586.....	No
8615 .....	Computation of Tax for Children Under Age 14 Who Have Investment Income of More Than \$1,000 .....	N-615.....	No
8814 .....	Parent's Election to Report Child's Interest and Dividends.....	N-814.....	No
8824 .....	Like-Kind Exchanges.....	None .....	Yes
8829 .....	Expenses for Business Use of Your Home.....	None .....	Yes
8853 .....	Medical Savings Accounts and Long-Term Care Services and Contracts.....	None .....	No

+If "Yes" is indicated and there is no Hawaii equivalent form, the federal form must be used.

To request tax forms by mail, you may call (808) 587-7572 or toll-free 1-800-222-7572.

To request tax forms by fax, you may call 587-7572 (callers on Oahu), or (808) 678-0522 from your fax machine (callers outside Oahu). See page 4 for a list of Hawaii tax forms available by fax.

You may also obtain tax forms through the Department of Taxation's Internet address at: <http://www.state.hi.us/tax/tax.html>

# LIST OF 1998 HAWAII TAX FORMS AVAILABLE BY FAX

To request tax forms by fax, you may call:

587-7572 (callers on Oahu), or (808) 678-0522 from your fax machine (callers outside Oahu)

Form Number	Form Title	Document Number	Form Number	Form Title	Document Number
A-6	Tax Clearance Application	301	Sch. D (N-30)	Capital Gains and Losses	331
A-7	Request for a Ruling	302	Sch. O (N-30)	Allocation & Apportionment of Income	332
BB-1	State of Hawaii Basic Business Application	303	Sch. P (N-30)	Apportionment Formula	333
BB-1X	State of Hawaii Basic Business Amended Application	304	Sch. O & P Instr. (N-30)	Instructions for Filing Schedules O & P	334
EFT-1	Authorization Agreement for Electronic Funds Transfer (EFT)	305	N-30X	Amended Corporation Income Tax Return	335
G-17	Resale Certificate General Form 1	306	N-35	S Corporation Income Tax Return	336
G-26	Use Tax Return	307	Sch. K-1 (N-35)	Shareholder's Share of Income, etc.	337
G-45	General Excise/Use Tax Periodic Return	308	N-40	Fiduciary Income Tax Return	338
G-49	Annual Return and Reconciliation General Excise/Use Tax	309	Sch. K-1 (N-40)	Beneficiary's Share of Income, etc.	339
G-54	Amended Periodic General Excise/Use Return	310	N-100	Application for Automatic Extension of Time to File Hawaii Return for a Partnership, Trust or REMIC	340
G-55	Amended Annual Return & Reconciliation General Excise/Use Tax	311	N-100A	Application for Additional Extension of Time to File Hawaii Return for a Partnership, Trust, or REMIC	341
G-54/G-55 Instr.	Instructions for Amended General Excise/Use Tax Returns	312	N-101A	Application for Automatic Extension of Time to File Hawaii Individual Income Tax Return	342
GEW-TA-RV-1	Notification of Cancellation of General Excise, Withholding, Transient Accommodations, or Rental Motor Vehicle & Tour Vehicle Accounts	313	N-101B	Application for Additional Extension of Time to File Hawaii Individual Income Tax Return	343
GEW-TA-RV-2	Change of Address	314	N-103	Sale of Your Home	344
HW-3	Employer's Return & Reconciliation of Hawaii Income Tax Withheld From Wages	315	N-109	Application for Tentative Refund from Carryback of Net Operating Loss (Other Than Corporation)	345
HW-4	Employee's Withholding Exemption & Status Certificate	316	N-110	Statement of Person Claiming Refund Due a Deceased Taxpayer	346
HW-14	Withholding Tax Return	317	N-139	Moving Expenses	347
L-15	Substitute for Form HW-2, or W-2 Wage and Tax Statement	318	N-157	Credit for Energy Conservation	348
TA-1	Transient Accommodations Tax Periodic Return	319	N-172	Claim for Tax Exemption by Person with Impaired Sight or Hearing or by Totally Disabled Person	349
TA-2	Transient Accommodations Tax Annual Return & Reconciliation	320	N-188X	Amended Individual Income Tax Return	350
N-1	Declaration of Estimated Income Tax for Individuals	321	N-188X Instr.	Instructions for Filing Form N-188X	351
N-3	Declaration of Estimated Income Tax for Corporations & S Corporations	322	N-196	Annual Summary & Transmittal of Hawaii Annual Information Returns	352
N-11	Individual Income Tax Return (Residents Also Filing Federal Return)	323	N-210	Underpayment of Estimated Tax by Individuals & Fiduciaries	353
N-12	Individual Income Tax Return (Residents Not Filing Federal Return)	324	N-210 Instr.	Instructions for Filing Form N-210	354
N-13	Individual Income Tax Return (Resident Short Form)	325	N-220	Underpayment of Estimated Tax by Corporations & S Corporations	355
Sch. X	Tax Credits for Hawaii Residents	326	N-220 Instr.	Instructions for Filing Form N-220	356
N-15	Individual Income Tax Return (Nonresident and Part-Year Resident)	327	N-301	Application for Automatic Extension of Time to File Hawaii Corporation Income Tax Return	357
N-20	Partnership Tax Return	328	N-309	Corporation Application for Tentative Refund from Carryback of Net Operating Loss	358
Sch. K-1 (N-20)	Partner's Share of Income, etc.	329	N-848	Power of Attorney	359
N-30	Corporation Income Tax Return	330	N-857	Physician's or Optometrist's Certified Report on Eye or Hearing Examination or Disability for Tax Exemption Purposes	360

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# Form N-15

## General Instructions

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### Who Must File

1. Every individual doing business in Hawaii during the taxable year must file a return, whether or not he or she derives any taxable income from that business. "Doing business" includes all activities engaged in or caused to be engaged in with the object of gain or economic benefit, direct or indirect, except personal services performed as an employee under the direction and control of an employer. For example, every person receiving rents from property owned in Hawaii is "doing business" and must file a return whether or not his or her expenses exceed the gross rental income.

2. Every individual receiving more than the following amounts of gross income from all sources (Column A income) subject to taxation under chapter 235, HRS, must file a return:

- For single or legally separated individuals: \$2,540, for individuals under 65; \$3,580, for individuals 65 or older.
- For a married couple filing jointly: \$3,980, if both are under 65; \$5,020, if one is 65 or older; \$6,060, if both are 65 or older.
- For married persons filing separately: \$1,990, for individuals under 65; \$3,030, for individuals 65 or older.
- For a single head of household: \$2,690, for individuals under 65; \$3,730, for individuals 65 or older.
- For a qualifying widow or widower with a dependent child: \$2,940, for individuals under 65; \$3,980, for individuals 65 or older.

These threshold amounts will be higher for persons who are blind, deaf, or totally disabled, and who have completed and filed a certification with the Department of their disability on Forms N-172 and N-857 **before** filing their income tax return.

3. Individuals who took up residence in Hawaii after attaining the age of 65 years and before July 1, 1976, may elect to be taxed only on Hawaii source income. See *Election Under Act 60, SLH 1976* on this page.

4. Children who receive unearned income during the taxable year and have not attained the age of 14 years before the end of the taxable year must file their own returns to report their income unless their parent or parents report that income. However, the Department of Taxation will, administratively, not require the filing of a State income tax return if the child's total earned and/or unearned income for the taxable year is \$500 or less and the application of the standard deduction amount results in no taxable income for the child. Children who must file a return may need to file Form N-615, *Computation of Tax for Children Under Age 14 Who Have Investment Income of More than \$1,000*. Parents may report income of their children by filing Form N-814, *Parent's Election to Report Child's Interest and Dividends*.

5. If you need to report additional tax from Form N-2, *Distribution from an Individual Housing Account*; Form N-103, *Sale of Your Home*; Form N-152, *Special 5-Year Averaging Method*; Form N-312 or N-312A, *Recapture of Capital Goods Excise Tax Credit*; Form N-405, *Tax on Accumulation Distribution of Trusts*; Form N-586, *Recapture of Low-Income Housing Tax Credit*; or Form N-814, *Parent's Election to Report Child's Interest and Dividends*, then you must file a return regardless of income level.

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### Who Should File

Even if you do not have to file, you should file to get a refund if too much income tax was withheld from your pay. Also, if you are eligible for refundable credits, you need to file a return to claim the credits.

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### Residents and Nonresidents

#### Resident

A resident is taxed on income from all sources.

A resident must file an Individual Income Tax Return—Resident (Form N-11, N-12, or N-13), if required to do so.

A Hawaii resident is an individual who is domiciled for the entire year in Hawaii, whether or not temporarily outside of Hawaii. An individual domiciled outside Hawaii is nevertheless presumed to be a resident if he or she spends more than 200 days in Hawaii during the taxable year. This presumption may be overcome by evidence satisfactory to the Department of Taxation that the individual maintained a permanent place of abode outside the State and was in the State for a temporary or transitory purpose. No person shall be deemed to have gained or lost a residence simply because of his or her presence or absence in compliance with military or naval orders of the United States, while engaged in aviation or navigation, or while a student at any institution of learning. See Tax Information Release No. 90-3, *"Income Taxation and Eligibility for Credits of an*

*Individual Taxpayer Whose Status Changes from Resident to Nonresident or from Nonresident to Resident"*.

#### Nonresident

A Hawaii nonresident is an individual who is in Hawaii for a temporary or transient purpose, and whose permanent domicile is not Hawaii.

A nonresident must file an Individual Income Tax Return—Nonresident and Part-Year Resident (Form N-15), if required to do so. Act 281, Session Laws of Hawaii 1997, requires a nonresident to calculate Hawaii income taxes as if the nonresident were a Hawaii resident. To determine Hawaii tax liability, the tax on total taxable income (tax calculated as if the nonresident were a Hawaii resident) is multiplied by the ratio of Hawaii adjusted gross income to total adjusted gross income from all sources. For more information, see Tax Facts No. 97-4, *"Revised Form N-15: Nonresident and Part-Year Resident Return"*, and *Information on Act 281, SLH 1997, and Nonresident Active Duty Military Personnel and Their Spouses*.

A nonresident married to a Hawaii resident may choose to file a joint return with the resident spouse on Form N-12; **however, the nonresident will then be taxed on all income from all sources**. For more information, see *Married Filing Joint Return* on page 8.

#### Election Under Act 60, SLH 1976

Individuals who took up residence in Hawaii after attaining the age of 65 years and before July 1, 1976, may elect to be taxed only on Hawaii source income. To make the election, attach a signed statement to Form N-12 setting forth the date that the individual established residence in Hawaii and the individual's date of birth (which must be before July 1, 1911). Individuals making this election must file a return regardless of the amount of income earned, and **may not use Form N-11**.

#### Part-Year Resident

A part-year resident is an individual who was a Hawaii resident for part of the year, and who was a nonresident during the other part of the year. This includes those who moved to Hawaii during the year and those who moved away from Hawaii during the year.

A part-year resident must file an Individual Income Tax Return—Nonresident and Part-Year Resident (Form N-15), if required to do so. Act 281, Session Laws of Hawaii 1997, requires a part-year resident to calculate Hawaii income taxes as if the part-year resident were a Hawaii resident. To determine Hawaii tax liability, the tax on total taxable income (tax calculated as if the part-year resident were a Hawaii resident) is multiplied by the ratio of Hawaii adjusted gross income to total adjusted gross income from all sources. For more information, see Tax Facts No. 97-4, *"Revised Form N-15: Nonresident and Part-Year Resident Return"*, and *Information on Act 281, SLH 1997, and Nonresident Active Duty Military Personnel and Their Spouses*.

#### Domicile Defined

The term "domicile" means the place where an individual has a true, fixed, permanent home and principal establishment, and to which place the individual has, whenever absent, the intention of returning. It is the place in which an individual has voluntarily fixed the habitation of himself or herself and family, **not for a mere special or temporary purpose, but with the present intention of making a permanent home**. Three things are necessary to create a new domicile: first, abandonment of the old domicile; second, the intent to establish a new domicile; and third, actual physical presence in the new domicile. Once a domicile is established, the intent to abandon it is not itself sufficient to create a new domicile; a new domicile must be shown.

**Reminder:** If you are in Hawaii because of military orders and do not intend to make Hawaii your permanent home, you are not considered a Hawaii resident for income tax purposes, even though you have been in Hawaii for more than 200 days in 1998. File a resident return with your home state, and file a Hawaii nonresident and part-year resident return (Form N-15) to report your Hawaii income.

#### Resident and Nonresident Examples

**Note:** For more information, see Tax Information Release No. 90-3, *"Income Taxation and Eligibility for Credits of an Individual Taxpayer Whose Status Changes from Resident to Nonresident or from Nonresident to Resident"*, Tax Information Release No. 90-10, *"Clarification of Taxation and the Eligibility for Personal Exemptions and Credits of Residents and Nonresidents in the Military and Spouses and Dependents of Persons in the Military"*, and Tax Information Release No. 97-1, *"Determination of Residence Status"*.

Example 1—A Hawaii resident who enlists in the military normally will remain a Hawaii resident regardless of the length of absence from Hawaii while stationed outside of Hawaii.

Example 2—A Hawaii resident working in a foreign country will remain a Hawaii resident unless permanent resident status is granted by the foreign country.

Example 3—Foreign students who are granted entry into the United States on an “F” visa are nonresidents for Hawaii tax purposes. Researchers and faculty members who are granted entry into the United States on “H”, “J”, or “Q” visas, and who have been in Hawaii for more than 200 days during the taxable year may be considered Hawaii residents.

Example 4—Spouses of those in the military service do not become Hawaii residents if their principal reason for moving to Hawaii was the transfer of the service member spouse to Hawaii, and if it is their intention to leave Hawaii when the service member spouse either is transferred to another military station or leaves the service.

Example 5—A Hawaii resident who marries a nonresident will remain a Hawaii resident unless the three requirements for changing his or her domicile are also met. (Refer to “Domicile Defined” on page 5.) This situation applies in reverse to a nonresident who marries a resident. A person’s residence status will not change just because of marriage.

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## Which Form to File

You must file resident Form N-11, N-12, or N-13, as appropriate, if you were a resident for the full year. File Form N-15 if you were a nonresident for the full year or a part-year resident.

### Generally, you **MUST** use Form N-11 if:

- You filed a federal resident tax return (Form 1040, 1040A, 1040EZ, 1040-TEL, or 1040PC) for the calendar year;
- You were a resident for the **full** year, or, if married filing jointly, **either** spouse was a resident for the full year;
- You do not make the *Election Under Act 60, SLH 1976* described above; and
- If you are married:
  - Your filing status is the same on your federal and Hawaii tax returns, **or**
  - You are filing a joint Hawaii return and both you and your spouse are filing federal returns.
- But if you qualify to file Form N-13, you may file it instead of Form N-11.

**Note:** If a resident taxpayer died during the year, a return for that taxpayer (including a joint return for a surviving spouse) must be filed on Form N-11 if the corresponding federal return is filed. If a corresponding federal return is not filed, use Form N-12. See *Death of Taxpayer* on this page.

### You **MUST** use Form N-15 if:

- You were a nonresident for the **full** year, or, if married filing jointly, **both** spouses were nonresidents for the full year.
- You are taking up residence in Hawaii during the tax year. (Part-year resident).
- You are giving up residence in Hawaii during the tax year. (Part-year resident).

### You **MUST** use Form N-12 if:

- You are not required to use Form N-11 or Form N-15.
- But if you qualify to file Form N-13, you may file that form instead of Form N-12.

### You **MAY** Be Able to Use Form N-13 if:

- You were a resident for the **full** year, or, if married filing jointly, **either** spouse was a resident for the full year;
- You had only wages, salaries, tips, interest, ordinary dividends, and unemployment compensation, **AND**
- Your taxable income (adjusted gross income less standard deduction and personal exemptions) is less than \$100,000.

Form N-13 is a simplified form. However, Form N-11 or Form N-12 may allow you to pay less tax.

If you are eligible to file Form N-13 but you filed a federal resident return, you may want to file Form N-11 instead because it uses information you already entered on your federal return, and allows you to take the same deductions and credits that would be available on Form N-12.

To see if you qualify to use Form N-13, see the instructions for Form N-13.

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## When to File

You should file as soon as you can after January 1, but not later than April 20, 1999. If the due date falls on a Saturday, Sunday, or legal holiday, file by the next regular workday. If you file late, you may have to pay penalties and interest if you owe taxes on your return. Please see the instructions for **Penalties and Interest** on page 27. If you know that you cannot meet the deadline, you should ask for an extension on Form N-101A, Application for Automatic Extension of Time to File Hawaii Individual Income Tax Return. This is an extension of time to file, not an extension of time for payment of tax. Federal Form 4868, Application for Automatic Extension of Time To File U.S. Individual Income Tax Return, may be used in lieu of Form N-101A.

**Note:** Returns for fiscal year taxpayers must be filed on or before the 20th day of the fourth month following the close of the fiscal year.

The official U.S. Post Office cancellation mark will be considered primary evidence of the date of filing of tax documents and payments. If you want to keep evidence that you mailed your return on time, ask your Post Office for a Certificate of Mailing. It is **NOT** necessary to get a certified or registered mail return receipt.

Hawaii has adopted the Internal Revenue Code provision to allow documents and payments delivered by a designated private delivery service to qualify for the “timely mailing treated as timely filing/paying rule.” The Department of Taxation will conform to the Internal Revenue Service listing of designated private delivery service and type of delivery services qualifying for the “timely mailing treated as timely filing/paying rule.” Timely filing of mail which does not bear the U.S. Post Office cancellation mark or the date recorded or marked by the designated delivery service will be determined by reference to other competent evidence.

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## Where to File

Please use the addressed envelope that came with your forms. If you do not have an addressed envelope, or if you moved during the year, mail your return to the taxation district office in which you reside or have your principal place of business. If you have no residence in Hawaii, file with the Oahu District Office, P.O. Box 3559, Honolulu, Hawaii 96811-3559.

The State of Hawaii is divided into four taxation districts. You should file your return, pay your tax, get your forms, or conduct other Hawaii tax affairs with the taxation district office located in the county where you reside or have your principal business.

### INTERNET ADDRESSES

Tax forms are available on the Internet. The Department of Taxation’s site on the Internet is:

<http://www.state.hi.us/tax/tax.html>

### MAILING ADDRESSES

OAHU DISTRICT OFFICE  
P.O. Box 3559  
Honolulu, Hawaii 96811-3559

MAUI DISTRICT OFFICE  
P.O. Box 913  
Wailuku, Hawaii 96793-0913

HAWAII DISTRICT OFFICE  
P.O. Box 1377  
Hilo, Hawaii 96721-1377

KAUAI DISTRICT OFFICE  
P.O. Box 1688  
Lihue, Hawaii 96766-5688

### DISTRICT OFFICE LOCATIONS

OAHU DISTRICT OFFICE  
830 Punchbowl Street  
Honolulu, Hawaii 96813-5094  
Telephone:  
For tax information:  
(808) 587-6515 (Jan. - April 20)  
(808) 587-4242  
Toll-Free 1-800-222-3229  
TDD (808) 587-1418  
TDD Toll-Free 1-800-887-8974

MAUI DISTRICT OFFICE  
State Office Building  
54 S. High Street, #208  
Wailuku, Hawaii 96793-2198  
Telephone: (808) 984-8500

Tax forms and CD-ROM (nominal cost) by mail:  
(808) 587-7572  
Toll-Free 1-800-222-7572

Tax forms by fax:  
On Oahu 587-7572  
All Others (808) 678-0522 from your fax machine

HAWAII DISTRICT OFFICE  
State Office Building  
75 Aupuni Street, #101  
Hilo, Hawaii 96720-4245  
Telephone: (808) 974-6321

KAUAI DISTRICT OFFICE  
State Office Building  
3060 Eiwa Street, #105  
Lihue, Hawaii 96766-1889  
Telephone: (808) 274-3456

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## Other Information

### Death of Taxpayer

Did the taxpayer die before filing a return for 1998? If so, the taxpayer’s spouse or personal representative may have to file a return and sign it for the person who died (decedent) if the decedent was required to file a return. A personal

representative can be an executor, administrator, or anyone who is in charge of the taxpayer's property.

If the decedent did not have to file a return but either had State income tax withheld, made estimated tax payments, or is eligible for various tax credits, a return must be filed to get a refund.

If your spouse died in 1998 and you did not remarry in 1998, or if your spouse died in 1999 before filing a return for 1998, you may still file a joint return for the 1998 tax year.

A return filed for a deceased taxpayer, including a joint return with a surviving spouse, must have the word **"DECEASED"** written in the upper left hand corner of the return. The word **"DECEASED"** and the date of death also must be written after the deceased taxpayer's first name and middle initial in the name and address area of the tax return.

Generally, the personal representative or other responsible individual must sign the return on behalf of the decedent. **If a refund is due, Form N-110, Statement of Person Claiming Refund Due a Deceased Taxpayer**, must be completed and attached to the return to ensure that the refund check will be issued in the name of the surviving spouse, personal representative, or other responsible individual instead of in the decedent's name. A personal representative or other individual may be required to attach other documents such as the death certificate. See Form N-110 for further information.

**Exception for joint returns filed by surviving spouse.** If a *joint* return is being filed by the decedent and the decedent's spouse, the spouse should write, "Filing as surviving spouse", on the signature line which the decedent would have signed, and then the surviving spouse should sign his or her name on the other signature line. If a refund is being claimed on the return, Form N-110 is not required. The refund check will be issued to the surviving spouse.

## Declaration of Estimated Tax

**Basic rules.** Individuals who must pay more tax than is withheld, or who have no withholding, may have to file a declaration of estimated tax and pay that tax in a lump sum or installments. Income tax obligations might not be satisfied through withholding when an individual has income not subject to withholding, such as from self-employment, rent, gains from sales of property, interest and dividend income, unemployment compensation, or distributions from deferred compensation plans.

**Who Must File a Declaration on Form N-1.** An individual subject to Hawaii net income tax generally must file Form N-1, *Declaration of Estimated Tax for Individuals*, unless: (a) his or her estimated tax liability for the taxable year, after taking into account all taxes withheld or collected at the source, is less than \$500, or (b) the taxpayer did not have any tax liability for the preceding taxable year. See Form N-1 for details.

**Date and Payment of Estimated Tax.** Your declaration for 1999 must be filed on or before April 20, 1999. The tax may be paid in full with the declaration, or in equal installments on or before April 20, 1999, June 20, 1999, September 20, 1999, and January 20, 2000. Each installment payment must be submitted with a payment voucher. Make checks or money orders payable to the "Hawaii State Tax Collector".

**Penalties.** If you are required to file a declaration but you fail to do so, you may be subject to penalties. See *Penalties and Interest* on page 27.

## Multistate Tax Compact Act

Any taxpayer, other than a corporation acting as a business entity in more than one state, who is required by the Hawaii Income Tax Law to file a return and whose only activities in the State consist of sales and who does not own or rent real estate or tangible personal property and whose annual gross sales in or into the State during the tax year are not in excess of \$100,000 may elect to report and pay a tax of .5 percent of such annual gross sales. Taxpayers who elect the foregoing shall file Form N-310 in lieu of Form N-15.

## Composite Tax Returns and Payments

Composite tax returns and composite tax payments may be made on behalf of nonresident shareholders of an S corporation, nonresident partners of a partnership, and nonresident members of a limited liability company or limited liability partnership. Instructions for filing a composite Form N-15 for nonresident shareholders, partners, and members are included in the instructions for Forms N-20 and N-35.

## Nonresident and Part-Year Resident Election to File Form N-15 at the Highest Marginal Tax Rate

Nonresident taxpayers (including nonresident alien taxpayers) and part-year resident taxpayers may elect to file Form N-15 at the highest marginal tax rate for individual taxpayers. Therefore, in lieu of providing information as to worldwide source income, the highest marginal tax rate will be applied to the nonresident or part-year resident taxpayer's Hawaii source income. No deductions, exemptions, or credits shall be allowed.

To make the election, attach a written statement to Form N-15 stating that you are electing to file Form N-15 at the highest marginal tax rate for individuals.

# Steps for Preparing Your Return

These instructions consist of 10 steps. You should complete the first 3 steps that follow **BEFORE** you begin to fill in your return.

Steps 4 and 5, filling in the return through line 6e, begin on page 8 and end on page 10. Step 6, filling in the rest of the return, is on page 10. The Line-By-Line Instructions for Form N-15 begin on page 10 and end on page 27.

Finally, steps 7 through 10 begin on page 27. These are the steps you should take after your Form N-15, and other schedules and forms you need, are filled in.

If you follow these steps and read the Line-By-Line Instructions, we feel you can fill in your return quickly and accurately. If you have any questions, call or visit your taxation district office.

## Special Instructions for Nonresident Aliens

Special rules will apply to you if you are considered a nonresident alien or a dual-status alien. For Hawaii income tax purposes, a nonresident alien is an individual who is not a U.S. citizen, and who has not been in Hawaii for more than 200 days during the taxable year, or is in Hawaii for a temporary or transient purpose. A dual-status alien is a person who was a resident alien for part of the year and a nonresident alien for the other part of the year.

The special rules for nonresident and dual-status aliens will not apply if you elect to be taxed as a resident alien on your federal income tax return. You can make this election if either of the following applies to you:

- You were a nonresident alien on the last day of the tax year, and your spouse was a U.S. citizen or resident alien on the last day of the tax year.
- You were a nonresident alien at the beginning of the tax year, but you were a resident alien on the last day of the tax year and your spouse was a U.S. citizen or resident alien on the last day of the tax year. (This also applies if both you and your spouse were nonresident aliens at the beginning of the tax year and both were resident aliens at the end of the tax year.)

See federal Publication 519, U.S. Tax Guide for Aliens, for complete definitions of "resident alien", "nonresident alien", and "dual-status alien".

In certain situations, a taxpayer may be considered a nonresident alien for federal income tax purposes and a resident for Hawaii income tax purposes. In these situations, the special rules applicable to individuals who are considered nonresident aliens for federal income tax purposes will apply when the individual files a Hawaii resident income tax return. See Tax Information Release No. 97-1, *"Determination of Residence Status"*.

## Step 1

### Get all of your income records together.

These include any Forms HW-2 and federal Forms W-2 or 1099 that you received. If you don't receive a Form HW-2 or federal Form W-2 by January 31, or if the one you get isn't correct, please contact your employer as soon as possible. Only your employer can give you a Form HW-2 or federal Form W-2, or correct it. If you cannot get a Form HW-2 or federal Form W-2 by February 15, please contact your taxation district office.

If you have someone prepare your return for you, make sure that person has all your income and expense records so he or she can fill in your return correctly. Remember, even if someone else prepares your return incorrectly, **YOU** are still responsible.

## Step 2

### If you plan to claim tax credits or itemize deductions, get the information and expense records you need.

These instructions tell you what credits and deductions you can claim. Some of the records you may need are:

- Medical and dental payment records.
- Real estate and income tax receipts.
- Interest payment records for a home mortgage.
- Receipts for charitable contributions.

## Step 3

### Get any forms, schedules, or information you need.

Nonresident tax form and instruction packages are not automatically mailed to you each year.

All forms and instructions you need may be picked up at any district tax office. You may also request that the forms be mailed or faxed to you. Please allow

approximately 10 days for the mailing of the tax forms. Tax forms are also available on the Internet. See page 6 for the location of your district tax office or phone number to request the forms you need, and for the Department's website address.

## Step 4

### Check the applicable box to indicate whether you are a nonresident or part-year resident.

At the top of Form N-15, you **must** check the applicable box to indicate whether you are a nonresident or part-year resident. If one of the boxes is not checked, processing of the return will be hampered.

If you are a part-year resident, you **must** fill in the period of your Hawaii residency on the line which begins "or other tax year beginning. . ." If the part-year resident box is checked and the line to indicate the taxpayer's tax year is not completed, any claims for the food tax credit or the credit for low-income household renters will be disallowed.

## Step 5

### Fill in your name, address, filing status, and exemptions.

#### Name

You must use your legal name. Nicknames are not permitted. If you have changed your name because of marriage, divorce, etc., make sure you immediately notify the Social Security Administration so that the name on your tax return is the same as the name on the social security records. If these names do not match, your refund may be delayed.

If you file joint returns, write the names in the same order every year. There is a separate line for the second spouse's name.

Write any descriptions (e.g. Jr., III, etc.) after your last name.

#### Address

Write your current mailing address in the space provided. If you receive your mail "in care of" someone else (i.e., your mail is sent to an address belonging to someone other than yourself), fill in that person's name in the space provided for the mailing address.

**Important:** If your address should change after you file your return, you must notify the Department **in writing** of your new address. Please include your social security number and your signature. Any refund checks due to you will **not** be forwarded to your new address by the U.S. Postal Service.

#### Social Security Number

Write your social security number in the space provided. If you are married, you must also write your spouse's social security number in the space provided whether joint or separate returns are filed. Your social security numbers must be written in the same order as your names are written on your return.

If you are an alien and were issued an individual taxpayer identification number (ITIN) by the IRS, enter your ITIN.

#### Occupation

Write your occupation in the space provided. If married and filing a joint return, write the occupation of the spouse whose name is written first in the box for "Your occupation", and write the other spouse's occupation in the box for "Spouse's occupation".

### Hawaii Election Campaign Fund

The check boxes for the Hawaii Election Campaign Fund appear on the front side of Form N-15.

This fund was established by the Hawaii State Legislature to support public financing of Hawaii governor's election campaigns.

You may have \$2 go to the fund by checking the "Yes" box. On a joint return, one or both of you may choose to have \$2 go to this fund, or both may choose not to.

If you check "Yes," it will not change the tax or refund shown on your return.

### Residency Status

If you were a nonresident, write the name of the state or foreign country of which you were a permanent resident in 1998 in the space provided.

### Filing Status

Check either box 1, 2, 3, 4, or 5 as appropriate. Do not put a check in more than one box.

**Note:** More than one filing status may apply to you. Choose the one that will give you the lowest tax.

## Single

Select box 1, Single, if on December 31, 1998, you were unmarried, divorced, or separated from your spouse under a separate maintenance decree. State law governs whether you are married, divorced, or legally separated.

If you are married on December 31, 1998, consider yourself married for the whole year.

If your spouse died during 1998, consider yourself married to that spouse for the whole year, unless you remarried before the end of 1998.

If you are unmarried and provide a home for certain other persons, you may be able to file as Head of Household. See *Head of Household* on page 9.

If you were married in 1998, had a child living with you, and lived apart from your spouse during the last 6 months of 1998, you may be able to file as Head of Household. See *Married Persons Who Live Apart (and Abandoned Spouses)* on page 9.

## Married Filing Joint Return

The statement that married couples generally incur a lower tax liability if they file joint rather than separate income tax returns no longer may be true for nonresidents under the current law. Current law requires income from worldwide sources to be included as income for purposes of determining the applicable rate of tax. The result for some taxpayers is that the Hawaii tax liability on a joint return may be more than that on a separately filed return. Filing a separate return may result in a lower tax liability if filing a joint return puts the couple into a higher tax bracket because of the inclusion of worldwide income without a sufficient amount of offsetting deductions. However, filing a joint return may result in a lower tax liability if filing a joint return does not put the couple into a higher tax bracket and also includes a substantial amount of deductions which could not be claimed on a separately filed return. Married nonresident taxpayers may wish to prepare both a joint and a separate return to determine which filing status results in a lower tax liability. For more information, see *Information on Act 281, SLH 1997, and Nonresident Active Duty Military Personnel and Their Spouses*.

If you file a joint return, you must report all income, exemptions, deductions, and credits for you and your spouse. Both of you must sign the return, even if only one of you had income.

You and your spouse can file a joint return even if you did not live together for the whole year. Both of you are responsible for any tax due on a joint return, so if one of you doesn't pay, the other may have to.

**Note:** If you and your spouse file a joint return for the year and later decide to file separately, both you and your spouse must file amended returns on or before the due date of the original return (April 20). You may not change your filing status from married filing jointly to married filing separately after that date.

Pursuant to Act 297, Session Laws of Hawaii 1997, if you and your spouse filed separate returns, and you decide to file a joint return for the year, you may do so without full payment of the amount shown as tax on the joint return.

If your spouse died in 1998 or in 1999 before filing a return for 1998, see *Death of Taxpayer* on page 6.

**Tax Savings.** If you decide not to file a joint return and plan to file a separate return, see if you can lower your tax by meeting the tests described on page 9 under *Married Persons Who Live Apart (and Abandoned Spouses)*. If you can, you should check Box 4 for Head of Household.

**Special Rule for Nonresidents of Hawaii Who File a Joint Return With a Hawaii Resident.** If at the end of the taxable year you were a nonresident of Hawaii (but you were a U.S. resident) who is married to a resident of Hawaii, you may choose to file a joint return with the resident spouse. By filing a joint return, however, you and your spouse agree to be taxed on your combined worldwide income.

**Special Rule for Nonresident and Dual-Status Aliens.** Generally, you cannot file a joint return if either spouse was a nonresident alien at any time during the tax year. However, nonresident aliens married to U.S. citizens or residents can elect to be taxed as a U.S. resident on their federal income tax return and file joint returns. If you and your spouse have made that election on your federal return, you also may choose to file a joint Hawaii return. By filing a joint return, you and your spouse agree to be taxed on your combined worldwide income.

**Special Rule When One Spouse Is a Nonresident or Part-Year Resident.** If one spouse is a resident and the couple files a joint return, both spouses are taxed on worldwide income. If at least one spouse is a part-year resident and the couple files a joint return, the couple is taxed on worldwide income for the period in which either spouse was a resident.

**Note:** For purposes of filing a joint return, common law marriages are not recognized under Hawaii law unless they began in a state which permits common law marriages.

## Married Filing Separate Returns

You may file separate returns whether both you and your spouse had income, only one of you had income, or neither of you had income.



If you choose to file separate returns, both you and your spouse must figure your tax the same way. This means that if one of you itemizes your deductions, the other must also itemize their deductions. You each report only your own income, exemptions, deductions, and credits, and you are responsible only for the tax due on your own return.

If you file a separate return, write your spouse's full name in the space after Box 3 and your spouse's social security number in the block provided for that number.

If your spouse does not file a Hawaii tax return, you may be able to claim the exemptions for your spouse. See the instructions for lines 6a and 6b.

**Special Rule for Nonresident and Dual-Status Aliens.**— Married nonresident aliens must file separate returns. However, nonresident aliens who are married to U.S. citizens or residents and who elect to be taxed as a U.S. resident may file joint returns. However, see *Married Persons Who Live Apart (and Abandoned Spouses)*, on this page.

## Married Persons Who Live Apart (and Abandoned Spouses)

You will be considered unmarried if you meet **ALL** of the following tests:

- 1) You file a separate return,
- 2) You paid more than half the cost of keeping up your home for the tax year,
- 3) Your spouse did not live in your home during the last 6 months of the tax year, and
- 4) Your home was, for more than 6 months of the year, the principal home of your child, stepchild, adopted child, or foster child whom you can claim as a dependent (or whom you could claim as your dependent except that the noncustodial parent will claim the child as a dependent under the rules discussed on page 10, for *Children of Divorced or Separated Parents*).

If you are considered unmarried under these rules, you will qualify to file as Head of Household.

**Special Rule for Nonresident and Dual-Status Aliens.**— If you were a nonresident or dual-status alien during the tax year, the special rules for *Married Persons Who Live Apart (and Abandoned Spouses)* will not apply to you unless you meet all of the tests above, and you are a resident of Canada or Mexico. If you are considered unmarried under these rules, you may file as a single individual rather than married filing separately. You cannot file as Head of Household.

## Head of Household

There are special tax rates for a person who can meet the tests for Head of Household. These rates are lower than the rates for Single or Married Filing Separate Returns.

You may be eligible to file as Head of Household if you were unmarried, or considered unmarried, on the last day of the year. You must have paid more than half the cost of keeping up a home that was the principal home for more than half the year for you and:

- 1) Your unmarried child, grandchild, stepchild, or adopted child. This child does not have to be your dependent.
- 2) Your married child, grandchild, stepchild or adopted child whom you can claim as your dependent without a Multiple Support Declaration (or whom you could claim as your dependent except that the noncustodial parent will claim the child as a dependent under the rules, discussed on page 10, for *Children of Divorced or Separated Parents*).
- 3) Any other relative, including your mother or father, whom you can claim as a dependent without a Multiple Support Declaration. For persons who qualify as a relative, see *Relationship* on page 10.

Also, you may be eligible to file as Head of Household if you were unmarried, or considered unmarried, on the last day of the year, and pay more than half the cost of keeping up a home that was the principal home for the whole year for your mother or father whom you can claim as a dependent without a Multiple Support Declaration, but who does not live with you.

**Note:** If you receive payments under the Aid to Families with Dependent Children (AFDC) program and use them to pay part of the cost of keeping up this home, you may not count these amounts as furnished by you.

**Special Rule for Nonresident and Dual-Status Aliens.**— If you were a nonresident or dual-status alien during the tax year, you cannot file as Head of Household.

## Qualifying Widow(er) With Dependent Child

If your spouse died during 1996 or 1997 and you did not remarry before the end of 1998, file a return for 1998 showing only your own income, exemptions, deductions, and credits. However, you can figure your tax at joint return rates if you meet **ALL 3** of the following tests:

- You could have filed a joint return with your spouse for the year your spouse died. (It does not matter whether or not you actually filed a joint return.)

- Your dependent child, stepchild, or foster child lived with you (except for temporary absences for vacation or school).
- You paid over half the cost of keeping up the home for this child for the whole year.

Check Box 5, Qualifying Widow(er) with Dependent Child, and show the year your spouse died in the space provided. Do not claim an exemption for your spouse. (You can claim the exemption only for the year your spouse died.)

If your spouse died in 1998 and you did not remarry, consider yourself married for the whole year. If your spouse died before **1996** and you did not remarry, you may check Box 4 if you met the tests under **Head of Household**. Otherwise you must file as Single. Also see page 6 of instructions, Death of Taxpayer.

**Special Rule for Nonresident and Dual-Status Aliens.**— The special rules for Qualifying Widow(er) With Dependent Child will not apply unless the surviving spouse meets all of the tests above, and was a resident alien or U.S. citizen the year their spouse died. The residency status refers to the surviving spouse's actual status, and not the election that some nonresident aliens make to be taxed as U.S. residents.

## Exemptions

### Lines 6a and 6b

#### Regular

You can take one exemption for yourself unless you can be claimed as a dependent on another person's tax return. Take two exemptions if you are married and filing a joint return. If you are married filing separately, you can take your spouse's exemptions only if your spouse is not filing a return, had no income, and was not the dependent of someone else.

If at the end of the taxable year, you were divorced or legally separated, you cannot take an exemption for your former spouse. If you were separated by a divorce that is not final (interlocutory decree), you may take an exemption for your spouse if you file a joint return.

If your spouse died during the taxable year and you did not remarry before the end of the taxable year, check the boxes for the exemptions you could have taken for your spouse on the date of death.

#### Age 65 or Over

You can take the extra exemption for age 65 or over only for yourself and your spouse. You cannot take them for your dependents.

Age is determined as of December 31. However, if your 65th birthday was on January 1, 1999, you can take the extra exemption for age in 1998.

If you are married filing separately, you may NOT claim the extra exemption for age 65 or over for your spouse.

### Lines 6c and 6d

#### Children and Other Dependents

Enter the number of your dependent children listed in the box for line 6c. Enter the number of other dependents listed in the box for line 6d. Enter on lines 6c and 6d the full names, social security numbers, and other information for your dependent children and other dependents. Each dependent must have a social security number.

Each person you claim as a dependent has to meet **ALL 5** of these tests:

- a. income;
- b. support;
- c. married dependent;
- d. citizenship or residence; and
- e. relationship.

These tests are explained below.

#### a. Income

The dependent received less than \$2,700 gross income. (This test does not have to be met for your child who was under age 19 at the end of the year, or a full-time student at least 5 months of the year and under 24 years of age at the end of the year. Please see instructions for *Student Dependent* on page 10.)

**Note:** Gross income does not include nontaxable benefits such as social security or welfare benefits.

#### b. Support

The dependent received over half of his or her support from you, or is treated as receiving over half of his or her support from you, under the rules for *Children of Divorced or Separated Parents*, or *Dependent Supported by Two or More Taxpayers*, on page 10. If you file a joint return, the support can be from you or your spouse.

In figuring total support, you must include money the dependent used for his or her own support, even if this money was not taxable (for example, social

security benefits, gifts, savings, welfare benefits, etc.). If your child was a student, do not include amounts he or she received as scholarships.

Support includes items such as food, a place to live, clothes, medical and dental care, and education. In figuring support, use the actual cost of these items. However, the cost of a place to live is figured at its fair rental value.

Do not include in support items such as income and social security taxes, premiums for life insurance, or funeral expenses.

**Capital Items**—You must include capital items such as a car or furniture in figuring support, but only if they are actually given to, or bought by, the dependent for his or her use or benefit. Do not include the cost of a capital item such as furniture for the household or for use by persons other than the dependent.

#### c. Married Dependent

The dependent did not file a joint return with his or her spouse. However, if neither the dependent nor the dependent's spouse is required to file, but they file a joint return to get a refund of tax withheld, you may claim him or her if the other four tests are met.

#### d. Citizenship or Residence

The dependent was a citizen or resident of the United States, a resident of Canada or Mexico, or an alien child adopted by and living with a U.S. citizen in a foreign country.

#### e. Relationship

The dependent met test 1 or 2 below:

1. Was related to you (or your spouse if you are filing a joint return) in one of the following ways:

Child	Grandchild	Mother-in-law	or, if related
Mother	Stepchild	Father-in-law	by blood:
Father	Stepbrother	Brother-in-law	Uncle
Brother	Stepsister	Sister-in-law	Nephew
Sister	Stepmother	Daughter-in-law	Aunt
Grandparent	Stepfather	Son-in-law	Niece

2. Was any other person who lived in your home as a member of your household for the whole year. A person is not a member of your household if at any time during your tax year the relationship between you and that person is against local law.

*The word child includes:*

- Your son, daughter, stepson, or stepdaughter.
- A child who lived in your home as a member of your family if placed with you by an authorized placement agency for legal adoption.
- A foster child (any child who lived in your home as a member of your family for the whole year).

**Student Dependent.** Even if your child had income of \$2,700 or more, you can claim the child as a dependent if he or she can meet tests **b**, **c**, and **d** above; was under 24 years of age at the end of the year, AND

- was a full-time student at a school during any 5 months of 1998, or
- took a full-time on-farm training course during any 5 months of 1998. (The course had to be given by a school or a State or local government agency.)

The school must have a regular teaching staff, a regular course of study, and a regularly enrolled body of students in attendance.

*The word school includes:*

- elementary, junior and senior high schools;
- colleges and universities; and
- technical, trade, and mechanical schools.

However, school does not include on-the-job training courses or correspondence schools.

**Children of Divorced or Separated Parents.** The parent having custody of a child for the greater portion of the year (the custodial parent) will generally be entitled to the dependency exemption. This rule applies to parents not living together during the last six months of the calendar year and those divorced or separated under a separation agreement.

This general rule does not apply in the case of the following three exceptions:

- a. There is a multiple support agreement in effect;
- b. The custodial parent has agreed to release his or her claim to the dependency exemption to the noncustodial parent in a decree or agreement in effect before January 1985, and the noncustodial parent furnishes at least \$600 support for the child within the taxable year; OR
- c. The custodial parent relinquishes the exemption and provides the noncustodial parent with a written statement that the custodial parent will not claim the dependency exemption for the taxable year. This statement must be attached to the return of the noncustodial parent who claims the exemption. A copy of federal Form 8332 may be used for this purpose.

Support by the spouse of a remarried parent will be treated as support provided by that parent.

**Dependent Supported by Two or More Taxpayers.** Sometimes two or more taxpayers together pay more than half of another person's support, but

no one alone pays over half of the support. One of the taxpayers may claim the person as a dependent only if the tests for income, married dependent, citizenship or residence, and relationship discussed earlier (tests **a**, **c**, **d**, and **e**) are met.

In addition, the taxpayer who claims the dependent must:

- a. have paid more than 10% of the dependent's support; and
- b. attach to his or her tax return a signed federal Form 2120, Multiple Support Declaration, from every other person who paid more than 10% of the support. This form states that the person who signs it will not claim an exemption in 1998 for the person he or she helped to support.

**Birth or Death of Dependent.** You can take an exemption for a dependent who was born or who died during the taxable year if he or she met the tests for a dependent while alive. This means that a baby who lived only a few minutes can be claimed as a dependent.

## Line 6e

Add the numbers you entered in the boxes 6a, 6b, 6c and 6d. Enter the total in the box on line 6e.

## Step 6

### Fill in your return.

Line-By-Line instructions for filling in Form N-15 begin on this page and end on page 27. Please read and follow the instructions carefully.

## Line-By-Line Instructions— Form N-15

### Lines 7 through 33

Form N-15 has two columns for lines 7 through 33; Total Income, Column A and Hawaii Income, Column B.

**You must report in Column A**, your total income (regardless of source) and adjustments to your total income as if you were a full year Hawaii resident.

If you are a **nonresident, report in Column B**, only income derived from Hawaii sources and the allowable adjustments to your Hawaii income.

If you are a **part-year resident, report in Column B**, your total income (regardless of source) and adjustments to your total income during the period of residency, and only income derived from Hawaii sources and the allowable adjustments to your Hawaii income for the period of nonresidency.

The following is a general discussion of income from Hawaii sources, and allowable adjustments to Hawaii income.

## Income

Nonresidents should report in Column B, gross income from property owned, personal services performed, trade or business carried on, and every other source in the State (Hawaii). Part-year residents should report in Column B, gross income (regardless of source) for the period of residency, and gross income from property owned, personal services performed, trade or business carried on, and every other source in the State (Hawaii) for the period of nonresidency.

In determining whether income has its source in the State or outside the State, the following rules should be applied:

- The source of income from either real or tangible personal property, is the place where the property is "owned", which means the place where the property has its situs.
- Intangible property will be deemed to have its situs at the place of the owner's domicile, unless the property has acquired a business situs at another place, in which event, the place of the business situs is the place where the property is owned.
- Chattel real, such as a leasehold, has its situs where the real property is located.
- The source of income from carrying on a trade or business is the place where the trade or business is carried on. If the trade or business is carried on both within and without the State, the portion of the income attributable to the State should be determined as provided by section 235-5, HRS.
- Income from the performance of personal services has its source at the place where the services are performed.
- A gain or loss on the sale or other disposition of property has its source at the place where the property was owned, that is, where it had its situs, at the time of the sale or other disposition.

### Examples of Includable and Excludable Income

The following examples will help you understand what kind of Hawaii source income must be reported as Gross Income in the Hawaii Gross Income Column

B of your income tax return during the period of nonresidency, and what items are exempt from tax.

### Examples of Income You Must Report

The following kinds of income should be reported on Form N-15, Column B, and related forms and schedules.

- Wages, including salaries, bonuses, commissions, fees, and tips.
- U.S. Cost of Living Allowances.
- Living Quarter Allowances.
- Interest on:
  - Hawaii tax refunds;
  - Interest received from an agreement of sale of real property located in Hawaii.
- Unemployment compensation benefits received from Hawaii.
- Temporary Disability Insurance Benefits received in Hawaii to the extent that such amounts:
  - are attributable to contributions by your employer which were not includible in your gross income, OR
  - are paid by your employer.
- Business expense reimbursements you received as an employee in Hawaii that are more than you spent for those expenses.
- Refunds of State and local taxes if you deducted the taxes in an earlier year and got a tax benefit. See details on page 12 of instructions.
- Gains or losses from the sale or exchange of Hawaii real estate, securities, or other property.
- Profits or losses from Hawaii businesses or professions.
- Your share of profits or losses from partnerships and small business corporations carried on in Hawaii.
- Your share of trust or estate income or losses from activities carried on in Hawaii.
- Rent from property located in Hawaii.
- Contest prizes with source in Hawaii.
- Certain alimony and separate maintenance payments. Refer to the instructions for *Alimony Paid* on page 17.
- Capital gains and losses from assets with situs in Hawaii.

#### Example: Hawaii Income of a Part-Year Resident.

T, an unmarried cash basis calendar year taxpayer, was a resident of Arizona on January 1, 1998. T moved to Hawaii on April 1, 1998, and continued to work as an insurance agent. T is a Hawaii resident for the remainder of 1998.

- 1) On March 20, 1998, T received \$20,000 as gain from the sale of Arizona real property held for investment. The \$20,000 gain is out-of-state income earned when T was a nonresident. None of it should be reported in Column B.
- 2) T earned commissions of \$25,000 for policies sold after April 1, 1998. The commissions are from a trade or business carried on in Hawaii, and are Hawaii source income. The commissions were earned when T was a Hawaii resident. All of these commissions should be reported in Column B.
- 3) T also earned initial and renewal commissions of \$12,000 for policies sold before April 1, 1998, \$4,000 of which T earned before April 1, 1998. The \$12,000 in commissions earned before April 1998 is from a trade or business carried on in Arizona, and is thus out-of-state income. However, only \$4,000 was earned when T was a nonresident. The remaining \$8,000 should be reported in Column B.
- 4) Finally, T had signed a business consulting contract with one Arizona client, for which T was paid an additional \$1,200 for services rendered throughout the year. It cannot be determined whether the remaining \$1,200 in commission income was generated while T was a Hawaii resident. Thus, because T was a resident for nine months in 1998,  $9/12 \times \$1,200$ , or \$900, shall be reported in Column B unless T demonstrates otherwise to the satisfaction of the Department.

### Examples of Income You Do Not Report

- Pensions you receive upon retirement where no employee contributions are involved.
- All Government payments and benefits made to veterans and their families.
- Dividends on veterans' Government Insurance.
- Dividends from stocks. Generally, the source of income from an intangible asset (e.g. stock of a corporation) is the owner's place of permanent residence or domicile. This means that a nonresident owning intangible assets and receiving income therefrom, even though the dividend may have been paid by a Hawaii corporation, would not be subject to Hawaii income tax because the nonresident's permanent residence or domicile is

not Hawaii. However, such income would be subject to Hawaii income tax if the intangible asset acquired a situs in Hawaii.

- Benefits paid by the Hawaii Retirement System or similar public (Federal, City, County, or other State) retirement system.
- Workers' compensation, insurance, damages, etc., for bodily injury or sickness.
- Interest on Federal, Hawaii State and County municipal bonds. Also, U.S. Savings Bonds.
- Interest on bonds issued by the Governments of Puerto Rico, Virgin Islands and Guam.
- Life insurance proceeds upon death.
- Federal Social Security benefits.
- Railroad Retirement Act benefits.
- Gifts, inheritances, bequests.
- Compensation by Hawaii or the U.S. to a patient affected with Hansen's disease.
- Child support.
- Welfare benefits.
- Compensation for services as a member of the uniformed services of the U.S.
- Contributions to deferred compensation plans with respect to service for state and local governments or to an annuity purchased by qualified nonprofit organizations and public schools.

### Rounding Off to Whole Dollars

Pursuant to Act 133, Session Laws of Hawaii 1996, the Department of Taxation is requiring individual taxpayers to round off cents to the nearest whole dollar for all dollar entries on the tax return and schedules. To do so, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example: \$1.39 becomes \$1 and \$2.69 becomes \$3. If you have to add two or more amounts to figure the amount to enter on a line, schedule, or worksheet, you may choose to use one of two methods. Once a method of rounding is established, you must use the same method throughout the return. The first method is to include the cents when adding and round off only the total. The other method is to round off each entry. For example: You received two W-2 forms, one showing Hawaii withholding of \$50.55 and one showing Hawaii withholding of \$185.73. For rounding method 1, show your total Hawaii withholding as \$236, ( $\$50.55 + \$185.73 = \$236.28$  rounded to \$236). For rounding method 2, show your total Hawaii withholding as \$237, ( $\$50.55$  rounded to \$51.00 +  $\$185.73$  rounded to \$186.00 =  $\$51 + \$186 = \$237$ ).

### Line 7

#### Wages, Salaries, Tips, Etc.

Report as income any salaries, wages, or other compensation received by you, or available to you. You must report the full amount of your wages, salaries, fees, commissions, tips, bonuses, and other payments for your personal services even though taxes and other amounts have been withheld by your employer.

**Note:** You must report on line 7 all wages, etc., paid for your personal services, even if the income was signed over to a trust, (including an IRA), another person, a corporation, or tax exempt organization.

Include in this total:

- The amount shown on Form HW-2 in the box Wages, Tips, Other Compensation. If you received federal Form W-2, report the amount in box 17, State wages, tips, etc. If you did not receive a Form HW-2 or federal Form W-2, see page 7, Step 1 of instructions.
- Tips received that you did not report to your employer. You must report as income the amount of allocated tips shown on your federal W-2 form(s) unless you can prove a lesser amount with adequate records.
- Payment in merchandise, etc. — If your employer pays part or all of your wages in merchandise, services, stock or other things of value, you must determine the fair market value of such items and include it in your wages.
- Fair market value of meals and living quarters if given by your employer as a matter of your choice and not for your employer's convenience. (Don't report the value of meals given you at work if they were provided for your employer's convenience. Also do not report the value of living quarters you had to accept as a condition of employment).
- Strike and lockout benefits paid by a union from union dues. Include cash and the fair market value of goods received. Don't report benefits that were meant as a gift.
- Amounts received as Cost of Living Allowance, Living Quarter Allowance, and Temporary Disability Insurance.

- The taxable portion of employer-paid dependent care benefits from federal Form 2441, line 19; line 19 of Form 1040A, Schedule 2; or Schedule X, Part III, line 11. If you are including these benefits, write "DCB" on the dotted line next to line 7.
- The taxable portion of employer-provided adoption benefits. Use the *Adoption Benefits Worksheet* on page 35 to help you figure the taxable portion. Federal Form 8839, Qualified Adoption Expenses, may be used to figure the taxable portion, however, your Hawaii modified adjusted gross income must be used instead of your federal modified adjusted gross income. If you are including these benefits, write "AB" on the dotted line next to line 7.

Enter in Column A, the amount of salaries, wages, or other compensation earned from all sources that would be taxable if you were a full year Hawaii resident.

Nonresidents: Enter in Column B, the amount of salaries, wages, or other compensation earned for services rendered in Hawaii.

Part-year residents: Enter in Column B, the amount of salaries, wages, or other compensation earned from all sources for the period of residency; and the amount of salaries, wages, or other compensation earned for services rendered in Hawaii for the period of nonresidency.

## Line 8

### Interest Income

Report any interest you received or that was credited to your account so you could withdraw it. (It does not have to be entered in your passbook.) Each payer of interest should send you a federal Form 1099-INT or 1099-OID. If you were charged an interest penalty for early withdrawal of your savings, see the instructions for line 28 on page 17.

### Examples of Interest Income You MUST Report

You must report interest on:

- Accounts with banks, credit unions, and savings and loan associations.
- Building and loan accounts.
- Notes and loans.
- Tax refunds (report only the interest on this line; also see the instructions for line 10).
- Bonds and debentures.

**Note:** Municipal bonds that are issued by another State are **taxable** in Hawaii. However, interest on Hawaii State and County municipal bonds, and bonds issued by the Governments of Puerto Rico, Virgin Islands, and Guam are exempt in Hawaii. Also, U.S. Savings Bonds and U.S. Treasury obligations are **exempt** in Hawaii. For more information about what kinds of obligations are exempt, see Tax Information Release No. 84-1, "Taxability of Interest on U.S. Obligations".

- Money market funds. But if the payer gives you a federal Form 1099-DIV, report the income as *dividends* on line 9.

Generally, the source of income from an intangible asset is the owner's place of permanent residence or domicile. This means that a nonresident owning intangible assets and receiving income (interest income, dividend income) therefrom, even though the interest income may have been paid by a Hawaii bank or the dividend may have been paid by a Hawaii corporation, would not be subject to Hawaii income tax because the nonresident's permanent residence or domicile is not Hawaii. However, such income would be subject to Hawaii income tax if the intangible asset acquired a situs in Hawaii, such as interest received on an agreement of sale of real property located in Hawaii, or dividends received by an S Corporation situated in Hawaii, which are passed through to the S Corporation's nonresident shareholders.

Enter in Column A, the amount of interest income derived from all sources that would be taxable if you were a full year Hawaii resident. Use the *Interest Worksheet* on page 32 to help you figure the amount of your taxable interest to enter in Column A.

Nonresidents: Enter in Column B, the amount of interest income derived from intangible assets that have acquired a situs in Hawaii.

Part-year residents: Enter in Column B, the amount of interest income derived from all sources for the period of residency; and the amount of interest income derived from intangible assets that have acquired a situs in Hawaii for the period of nonresidency.

## Line 9

### Ordinary Dividends

Enter your total ordinary dividends. Ordinary dividends are dividends that are paid out of earnings and profits and are ordinary income. Assume that any dividend you receive is an ordinary dividend unless the paying corporation tells you otherwise. Payers include nominees or other agents. Each payer should

send you a federal Form 1099-DIV. (If the payer gives you a federal Form 1099-INT or 1099-OID, report the income as *interest* on line 8.)

### Do Not Report as Dividends

- Mutual insurance company dividends that reduced the premiums you paid.
- Amounts paid on deposits or accounts from which you could withdraw your money such as mutual savings banks, cooperative banks, and credit unions. These amounts are reported as interest on line 8.
- Stock dividends or stock splits.
- Capital gain distributions. If your Form 1099-DIV shows capital gain distributions (Box 2a), that amount is reported on line 13.
- Nontaxable distributions. Some distributions are nontaxable because they are a return of your investment (Box 3 of Form 1099-DIV). They will not be taxed until you recover your cost. You must reduce your cost (or other basis) by the amount of nontaxable distributions received. After you get back all of your cost (or other basis), you must report these distributions as capital gains.

See the discussion for line 8 regarding the source of income from an intangible asset.

Enter in Column A, the amount of ordinary dividends derived from all sources that would be taxable if you were a full year Hawaii resident.

Nonresidents: Enter in Column B, the amount of ordinary dividends derived from intangible assets that have acquired a situs in Hawaii.

Part-year residents: Enter in Column B, the amount of ordinary dividends derived from all sources for the period of residency; and the amount of ordinary dividends derived from intangible assets that have acquired a situs in Hawaii for the period of nonresidency.

## Line 10

### Taxable Refunds of State and Local Income Taxes

If you received a refund or credit in 1998 for state or local income taxes you paid before 1998, you may have to report it as income on your Hawaii income tax return. You should receive federal Form 1099-G, or similar statement, showing the refund.

Any part of a refund for state or local income taxes paid before 1998 that you were entitled to receive in 1998 but chose to apply to your 1998 estimated state income tax is considered to have been received in 1998.

Do not report your refund as income if the refund was for a year in which you did not itemize your deductions.

If part of your refund was interest, report that amount on Form N-15, line 8.

If you received a refund of 1997 taxes and you itemized deductions in 1997, figure the taxable portion of your refund using the *State Tax Refund Worksheet* on page 32. Enter the taxable portion on line 10, Columns A and B.

If your refund included taxes from any previous year in which you itemized deductions, a similar calculation must be done for each previous year.

**Note:** If your 1997 Hawaii adjusted gross income was over \$100,000 (\$50,000 for married taxpayers filing separately), you may be able to report a smaller amount of your tax refund as income because your itemized deductions were reduced in 1997. To compute the proper amount, see federal Publication 525, "Taxable and Nontaxable Income", under *Tax Benefit Rule—Previously Limited Itemized Deductions*. In the computation, however, the Hawaii standard deduction amounts must be used, the amount of the refund due to the Hawaii refundable credits listed in the *State Tax Refund Worksheet* is subtracted, and the base amount for the limitation of itemized deductions remains at \$100,000 (\$50,000 for married taxpayers filing separately). If you use this calculation, enter the result on Form N-15, line 10, Columns A and B.

## Line 11

### Alimony Received

Alimony or separate maintenance payments that you received are taxable income to you. Report this income on line 11. However, if you received payments while you were a nonresident, a special rule may apply. Call your district tax office or see section 18-235-5-03(e), Hawaii Administrative Rules.

If you received payments under a divorce or separation instrument executed after 1984, see the instructions for line 29 for information on the rules that apply in determining whether these payments qualify as alimony.

Enter in Column A, the amount of alimony received from all sources that would be taxable if you were a full year Hawaii resident.

Nonresidents: Enter in Column B, the amount of alimony received from a contributing spouse who is a resident, and where the payments are attributable to property owned in Hawaii that is transferred (in trust or otherwise) in discharge of a legal obligation to make alimony payments.

Part-year residents: Enter in Column B, the amount of alimony received from all sources for the period of residency; and the amount of alimony received as discussed above for nonresidents for the period of nonresidency.

## Line 12

### Business or Farm Income or (Loss)

If you operated a business or practiced a profession as a sole proprietorship (or an entity classified as a sole proprietorship), this line is used to report the net income or loss from the business. Farming income or losses are also reported on this line.

If your business consists of renting property, report it on line 17.

If you receive royalty income, report it on line 17.

Enter your net income or loss. Net income or loss can be calculated on federal Schedules C, C-EZ, or F.

For expenses that are part business and part personal, deduct only the business part. For example, if only half of your car usage was for business, deduct only half of the cost of operating the car. Deduct interest, taxes, and casualty losses not related to your business as itemized deductions. See the instructions for Form N-15, lines 35a to 35f.

Sales, exchanges, and involuntary conversions (including casualty or theft) of trade or business property may give rise to ordinary income or (loss), or capital gain or (loss). Report ordinary income or losses on line 14. Report capital gains or losses on line 13.

**Note:** If you conduct business in Hawaii and another state or country, you determine the Hawaii portion of that business income by using the "three factor formula", which is generally based on the average percentage in Hawaii of your property, payroll, and sales.

Enter in Column A, the amount of business or farm income or (loss) from all sources that would be taxable if you were a full year Hawaii resident.

Nonresidents: Enter in Column B, the amount of business or farm income or (loss) with situs in Hawaii.

Part-year residents: Enter in Column B, the amount of business or farm income or (loss) from all sources for the period of residency; and the amount of business or farm income or (loss) with situs in Hawaii for the period of nonresidency.

### Hawaii G.E./Use Tax Identification Number

Enter your Hawaii General Excise/Use Tax Identification Number.

If more than one identification number applies, enter all of them here or on a separate sheet.

### Information Returns

You may have to file information returns for wages paid to employees, certain payments of fees and other non-employee compensation, interest, rents, royalties, annuities, and pensions. For more information, see the instructions for Form HW-3, Employer's Return and Reconciliation of Hawaii Income Tax Withheld from Wages, and N-196, Hawaii Annual Information Return.

## Line 13

### Capital Gain or (Loss)

This line is used to report:

- Gains or losses from the sale or involuntary conversion of capital assets not held for business or profit.
- Capital gain distributions reported on federal Form 1099-DIV.

The capital gains or losses from the following transactions may also be reported on this line, however, complete Schedule D-1 to determine whether the gain or loss is ordinary or capital. Ordinary income or loss is reported on line 14.

- The sale, exchange, or involuntary conversion (other than casualty or theft) of business property, certain depreciable and amortizable property, certain oil, gas and geothermal property, and IRC section 126 property.
- The involuntary conversion (other than casualty or theft) of capital assets held for business or profit.
- The disposition of other assets not mentioned above.

If property is involuntarily converted because of a casualty or theft, use federal Form 4684, Casualties and Thefts.

Enter in Column A, the amount of capital gains or losses derived from all sources that would be taxable if you were a full year resident. Use the *Capital Gain/Loss Worksheet* on page 32 to figure the amount of your capital gains or losses to enter in Column A. Before starting the worksheet, determine your **sales price** and **cost basis** for the capital assets you sold, and the gain or loss you realized for each capital asset.

Nonresidents: Enter in Column B, the amount of capital gains or losses on the disposition of capital assets with situs in Hawaii.

Part-year residents: Enter in Column B, the amount of capital gains or losses derived from all sources for the period of residency; and the amount of capital gains or losses on the disposition of capital assets with situs in Hawaii for the period of nonresidency.

### Capital Asset

Most property you own and use for personal purposes, pleasure, or investment is a capital asset. For example, your house, furniture, car, stocks, and bonds are capital assets.

A capital asset as defined by law is any property held by a taxpayer except:

- a. Stock in trade or other property included in inventory or held for sale to customers.
- b. Accounts or notes receivable you received for services in the ordinary course of your trade or business or from the sale of any property described in a. or for services you performed as an employee.
- c. Depreciable property used in your trade or business even if it was fully depreciated.
- d. Real property (real estate) used in your trade or business.
- e. A copyright, literary, musical or artistic composition, letter, memorandum, or similar property,
  1. created by your personal efforts, or
  2. prepared or produced for you (in the case of a letter, memorandum, or similar property), or
  3. that you received from a taxpayer mentioned in 1 or 2, in a way (such as by gift) that entitled you to the basis of the previous owner.
- f. U.S. Government publications (including the Congressional Record) that you received from the government other than by purchase at the normal sales price, or that you got from another taxpayer who had received it in a similar way if your basis is determined by reference to the previous owner.

A transfer of patent rights is generally considered a sale or exchange of a capital asset held for more than one year.

A nonbusiness bad debt must be treated as a short-term capital loss.

### Short-Term or Long-Term

Separate your capital gains and losses according to how long you held or owned the property. The holding period for long-term capital gains and losses is more than one year. The holding period for short-term capital gains and losses is one year or less.

To figure the holding period, begin counting on the day after you received the property and include the day you disposed of it. Use the trade dates for date acquired and date sold for stocks and bonds on an exchange or over-the-counter market.

### Capital Gain Distributions

If a dividend payor, such as a mutual fund company, reports a capital gain distribution to you on Form 1099-DIV, this amount is treated as a long-term capital gain regardless of how long you have held your shares. See federal Publication 550 for more details.

### Limits on Capital Losses

The limit on capital losses that can be applied against other income after offsetting capital gains is \$3,000. If you are married and filing separately, the limit is \$1,500.

Unused capital losses are carried over to later years until fully used.

The amount of your capital loss carryover is the amount of your capital loss that exceeds the lesser of:

- 1) Your allowable capital loss deduction for the year, or
- 2) Your taxable income increased by your allowable capital loss deduction for the year and your deduction for personal exemptions.

If your deductions exceed your gross income for the tax year, use your negative taxable income in computing the amount in item (2).

### Losses That Are Not Deductible

Do not deduct a loss from the sale or exchange of property directly or indirectly between any of the following:

- Members of a family.
- A corporation and an individual or a fiduciary owning more than 50 percent of the corporation's stock (not counting liquidations).
- A grantor and a fiduciary of a trust.
- A fiduciary and a beneficiary of the same trust.
- A fiduciary and a fiduciary or beneficiary of another trust created by the same grantor.
- An individual and a tax-exempt organization controlled by the individual or the individual's family.

- A partnership and a corporation if the same taxpayers own directly or indirectly more than 50% of the capital interest, or profits interest, in the partnership and corporation.

If you sell or otherwise dispose of (1) an asset used in an activity to which the "at risk" rules apply or (2) any part of your interest in an activity to which the "at risk" rules apply (see IRC section 465), combine the gain or loss on the disposition with the profit or loss from the activity. If you have a net loss, you may be subject to the "at risk" provisions.

## Special Cases

The following items may require special treatment:

- Transactions by a securities dealer.
- Wash sales of stock or securities.
- Bonds and other evidence of indebtedness if an original issue discount is a factor.
- Gain on the sale of qualified reinvested dividends from a qualified public utility.
- Certain real estate subdivided for sale which may be considered a capital asset.
- Distributions received from an employee pension, profit-sharing, or stock bonus plan (see Form N-152, Special 5-Year Averaging Method).
- Gain on the sale of depreciable property between husband and wife or between shareholder and a controlled corporation treated as ordinary gain.
- Gain on disposition of stock in a Domestic International Sales Corporation.
- Gain or loss on options to buy or sell, including closing transactions.
- Transfer of property to a foreign corporation as paid-in surplus or as a contribution to capital, or to a foreign trust or partnership.
- Transfer of property to a partnership which would be treated as an investment company if the partnership was incorporated.

## Transfer of Appreciated Property to a Political Organization

If you transfer property to a political organization when the fair market value of the property is more than your adjusted basis, treat the transaction as a property sale on the transfer date. Report the fair market value of the property at the time of the transfer as the sales price. Ordinary income or capital gains provisions apply as if a sale took place.

## Exchange of Like-Kind Property

Report the exchange of "like-kind" property on federal Form 8824, Like-Kind Exchanges, and attach the form to your return. You must report it even though no gain or loss is recognized when you exchange business or investment property for property of "like-kind." (This does not include stock in trade or other property held primarily for sale. It also does not include stocks, bonds, notes, choses in action, certificates of trust or beneficial interest, or other securities or evidences of indebtedness or interest.)

## Small Business Stock

Subject to limitations, you may deduct the loss on the sale, exchange, or worthlessness of small business stock (IRC section 1244) as an ordinary loss on line 14. However, gains are reported as capital gains on this line.

## Disposition of Business Property

A sale or other disposition of property used in a trade or business, or of an interest in a partnership, may result in either ordinary income or loss, or capital gain or loss. Schedule D-1 should be used to determine whether the gain or loss is ordinary or capital. Ordinary income or loss is reported on line 14.

Also, if the capital goods excise tax credit has been taken on the property, some of the credit may be recaptured. See Form N-312 for further information.

## Sale of Your Home

Use Form N-103 to determine the gain or loss from the sale of your main home.

Report a taxable gain from the sale of your main home as a gain from the sale of a capital asset. A loss from such a sale is not deductible.

You can exclude up to \$250,000 (\$500,000 for certain married persons filing a joint return) of gain from the sale of your main home if both 1 and 2 below apply:

1. Neither you nor your spouse, if filing a joint return, are excluding gain from the sale of another home after May 6, 1997, and
2. You or your spouse, if filing a joint return, owned and lived in the home for periods adding up to at least 2 years within the 5-year period ending on the date of sale.

Contact your nearest taxation district office for more details or to obtain Form N-103 which is used to report the sale or exchange.

## Installment Sales

If you sold property at a gain, and are to receive any payment in a tax year after the year of sale, you must use the installment method and federal Form 6252, Computation of Installment Sale Income, unless you elect not to. Also use federal Form 6252 if you received a payment in 1998 from a sale made in an earlier year on the installment method.

You may not use the installment method to report income from the sale of stock or securities traded on an established securities exchange. All payments to be received under this type of sale are treated as received in the year of sale.

If you want to elect out of the installment method, you must attach a statement to your return making this election and reporting the full amount of the sale.

## Gains and Losses from Section 1256 Contracts and Straddles

For information on how to report gains and losses from regulated futures contracts and straddles, see federal Form 6781.

## Undistributed Long-term Capital Gains from Regulated Investment Companies

Include in income as a long-term capital gain the amount which constitutes your share of the undistributed capital gains of a regulated investment company. If a regulated investment company informs you that it has undistributed gains and has told you that it has paid tax to the State of Hawaii because of those gains, you may be entitled to a credit that should be claimed on Form N-15, line 64.

## Line 14

### Supplemental Gains or (Losses)

In general, this line is used to report:

- The sale, exchange, or involuntary conversion (other than casualty or theft) of business property, certain depreciable and amortizable property, certain oil, gas and geothermal property, and IRC section 126 property.
- The involuntary conversion (other than casualty or theft) of capital assets held for business or profit.
- The disposition of noncapital assets other than inventory or property held primarily for sale to customers in the ordinary course of your business.

Enter in Column A, the amount of ordinary gains or losses derived from all sources that would be taxable if you were a full year resident.

Nonresidents: Enter in Column B, the amount of ordinary gains or losses on the disposition of assets with situs in Hawaii.

Part-year residents: Enter in Column B, the amount of ordinary gains or losses derived from all sources for the period of residency; and the amount of ordinary gains or losses on the disposition of assets with situs in Hawaii for the period of nonresidency.

## Line 15

### IRA Distributions

IRA distributions are not taxable to nonresidents, however, if a nonresident later becomes a resident of Hawaii, the amount of IRA distributions received after acquiring the Hawaii residency status will be taxable.

An IRA includes a traditional IRA, Roth IRA, education IRA, simplified employee pension (SEP) IRA, and a savings incentive match plan for employees (SIMPLE) IRA.

**Note:** *If you converted part or all of a traditional IRA to a Roth IRA, and are electing to report the converted amount over 4 years, include on line 15, Column A 1/4 of the Hawaii taxable amount. Also include the same amount in income in 1999, 2000, and 2001. Otherwise, enter the total converted Hawaii taxable amount on line 15, Column A.*

For more information, see federal Publication 553, Highlights of 1997 Tax Changes; Chapter 3 - IRAs and Other Retirement Plans, 1998 Changes.

Enter in Column A, the amount of IRA distributions that would be taxable if you were a full year resident.

Nonresidents: Enter zero in Column B.

Part-year residents: Enter in Column B, the amount of IRA distributions that would be taxable for the period of residency.

## Line 16

### Pensions and Annuities

**Note:** *Public Law 104-95, prohibits any state from imposing an income tax on the retirement income of any individual who is not a resident or domiciliary of that state.*

Use line 16 to report annuity income that is fully or partially taxable. Also use this line to report distributions from profit-sharing plans and employee-savings plans.

Enter in Column A, the amount that would be taxable if you were a full year resident.

Nonresidents: Enter zero in Column B.

Part-year residents: Enter in Column B, the amount that would be taxable for the period of residency.

## Nontaxable Distributions

### Employer-Funded Pension Plans

The following three types of distributions are not taxed by Hawaii and do not need to be reported on line 16:

- (1) Pension or annuity distributions from a public (i.e. government) retirement system (e.g. federal civil service annuity, military pension, state or county retirement system).
- (2) Distributions from a private employer pension plan received upon retirement (including early retirement and disability retirement) if the employee did not contribute to the pension plan.
- (3) Distributions from a pension plan at age 70-1/2 that are made to comply with the federal mandatory payout rule do qualify as a retirement payment whether or not the employee is still working full time.

Distributions from a private employer pension plan received upon retirement are partially taxed by Hawaii if the employee contributed to the pension plan.

### Rollover IRAs

A rollover IRA is treated as a continuation of the original plan that provided the money that is rolled over. If distributions from the original plan would be characterized as a qualified distribution, distributions out of the rollover IRA need not be reported as well.

## Taxable Pensions and Annuities

### Early Distributions

Early distributions from a pension plan that are subject to the 10 percent federal penalty tax do not qualify and are taxable. If you are receiving an early distribution, include the gross amount in line 16, Column A.

### Deferred Compensation Plans

Distributions from a deferred compensation plan may be fully or partly taxable. A deferred compensation plan includes any plan in which the employee has a choice of whether to contribute money into the plan or take that amount in cash or property. Examples include 401(k) plans, salary reduction Simplified Employee Pension (SARSEP) plans, the Federal Thrift Savings Plan, and section 457 plans like the State of Hawaii Deferred Compensation Plan. Attach Schedule J (Form N-11/N-12/N-15/N-40) to figure the taxable amount to include in line 16, Column A.

### Annuity Plans

Retirement vehicles that you fund yourself, such as annuity plans and Individual Retirement Accounts (IRAs) that are not funded through a Simplified Employee Pension (SEP) plan, are considered to be your own investments. Distributions from these plans may be fully or partly taxable, depending on whether your IRAs include deductible or nondeductible contributions. Attach Schedule J (Form N-11/N-12/N-15/N-40) to figure the taxable amount to include in line 16, Column A.

### Rollover IRAs

A rollover IRA is treated as a continuation of the original plan that provided the money that is rolled over. If distributions from the original plan would be characterized as taxable, distributions out of the rollover IRA would be taxable as well. Attach Schedule J (Form N-11/N-12/N-15/N-40) to figure the taxable amount to include in line 16, Column A.

### Hybrid Plans

If you received a distribution from a plan that is partly pension and partly deferred compensation, such as a 401(k) plan with a profit sharing component or an employer matching program, a SEP plan with employer contributions as well as a salary reduction option, or a similar hybrid plan, attach Schedule J (Form N-11/N-12/N-15/N-40) to figure the taxable amount to include in line 16, Column A.

### Lump-Sum Distributions

If you received a lump-sum distribution from a pension plan and you are electing to use the special five-year or ten-year averaging method, attach Schedule J (Form N-11/N-12/N-15/N-40) and Form N-152, Tax on Lump Sum Distributions, to figure the taxable amount.

**Note:** If your lump-sum distribution included capital gain amounts, you may be able to reduce your tax by including the capital gain amounts on Form N-152

and electing the capital gains treatment. See Form N-152 Instructions for more information.

**Caution:** Certain transactions, such as loans against your interest in a qualified plan, may be treated as taxable distributions.

## Line 17

### Rents, Royalties, Partnerships, Estates or Trusts

Enter your net income or loss from rents, royalties, partnerships, S corporations, estates, trusts, and REMICs. Net income or loss can be calculated on federal Schedule E.

Enter in Column A, the net income or loss from rents, royalties, partnerships, S corporations, estates, trusts, and REMICs from all sources that would be taxable if you were a full year resident.

Nonresidents: Enter in Column B, the net income or loss from rents, royalties, partnerships, S corporations, estates, trusts, and REMICs with situs in Hawaii.

Part-year residents: Enter in Column B, the net income or loss from rents, royalties, partnerships, S corporations, estates, trusts, and REMICs from all sources for the period of residency; and the net income or loss from rents, royalties, partnerships, S corporations, estates, trusts, and REMICs with situs in Hawaii for the period of nonresidency.

**Note:** The paying entity may send you a Hawaii Schedule K-1 that will tell you how much income was Hawaii source income; if it does not, you still need to find this information out from the paying entity. For part-year residents, if you are unable to determine how much was earned during the period of residency, prorate it over the year. For example, if a part-year resident was a resident for 4 months and was told by a partnership that the resident's share of income was \$45,000, out of which \$15,000 was Hawaii source income, then the taxable portion would be \$15,000 Hawaii source income plus one-third (4 months / 12 months) of the non-Hawaii source income of \$30,000 (\$45,000 - \$15,000), for a total of \$25,000 (\$15,000 + 1/3 of \$30,000).

### Hawaii G.E./Use Tax Identification Number

Enter your Hawaii General Excise/Use Tax Identification Number, even if you wrote the same number down on line 12.

If more than one identification number applies, enter all of them here or on a separate sheet.

## Line 18

### Unemployment Compensation

Unemployment compensation (insurance) you received is taxable.

You should receive federal Form 1099-G, or similar statement, showing the total unemployment compensation paid to you during the year. For payments in 1998 you should receive this statement by January 31, 1999.

**Note:** Supplemental unemployment benefits received from a company-financed supplemental unemployment benefit fund are wages. They are not considered unemployment compensation. Report these benefits on Form N-15, line 7.

Enter in Column A, the amount of unemployment compensation received from all sources.

Nonresidents: Enter in Column B, the amount of unemployment compensation received from Hawaii.

Part-year residents: Enter in Column B, the amount of unemployment compensation received from all sources for the period of residency; and the amount of unemployment compensation received from Hawaii for the period of nonresidency.

## Line 19

### Other Income

Use line 19 to report any income you can't find a place for on your return or other schedules. Also show the nature and source of the income.

**Caution:** Do not report any income from self-employment on line 19. If you do have any income from self-employment, you must report it on line 12.

**Examples of income to be reported on line 19 are:**

- **Prizes, awards and gambling winnings.** Proceeds from lotteries, raffles, etc., are gambling winnings. You must report the full amount of your winnings on this line. You cannot offset losses against winnings and report the difference.

If you had any gambling losses, you may take them as a miscellaneous itemized deduction not subject to the 2% AGI limitation on line 35f. However, you cannot deduct more losses than the winnings you report.

- **Repayment of items that you deducted in an earlier year,** such as medical expenses or real estate taxes, if the deduction reduced your tax.

- Amounts you recovered on **bad debts** that you deducted in an earlier year.
- **Fees received for jury duty and precinct election board duty.** These fees are taxable, but you may be able to deduct part or all of your jury duty pay if you were required to turn it over to your employer. See the instructions for line 32 on page 18.
- **Individual Housing Account (IHA) distributions.** If you purchased a principal residence with an Individual Housing Account (IHA), or you are notified by an IHA trustee that you have received a taxable distribution, report the taxable amount on line 19.

If you purchased residential property before January 1, 1990, with a distribution from an IHA, you must include in gross income in the year the property is sold, conveyed, or transferred an amount equal to the amount of the distribution, unless an election was made to include one-tenth of the distribution in gross income each year for ten years starting in 1990. In addition, a penalty is added to your gross income. Attach Form N-103, Sale of Your Home, to figure the additional gross income.

If you purchased residential property after December 31, 1989, or if you purchased property before January 1, 1990, and have made the election to do so, you must include in gross income one-tenth of the distribution each year for ten years. If you sell the property purchased with an IHA distribution before the end of the ten-year period, the remaining amount of the distribution not previously reported must be included in gross income in the year of sale. In addition, a penalty is added to your tax liability. Attach Form N-103, Sale of Your Home, to figure the additional tax liability.

If you purchased residential property after December 31, 1996, with a distribution from an IHA established prior to January 1, 1990, and you have made the election to do so, you must include in gross income in the year the property is sold, conveyed, or transferred an amount equal to the amount of the distribution. In addition, a penalty is added to your gross income. Attach Form N-103, Sale of Your Home, to figure the additional gross income.

If you use an IHA distribution for any purpose other than to purchase a first principal residence in Hawaii, or if you borrow against the IHA for such a purpose, the distribution (or the loan amount) is taxable, and a ten percent penalty tax is imposed. The additional tax is the same amount shown in Box 4 of Form N-2, Distribution from an Individual Housing Account, and must be included on line 40.

If you establish an IHA and later marry a person owning residential property, the IHA will terminate and distribute all of the assets to you. In this case, you must include the total distribution in your gross income. No penalty tax is imposed, but the ten percent is still withheld. Be sure to claim the withheld amount on line 52.

If an individual establishes an IHA and then dies or becomes totally disabled, special rules apply. Contact your district tax office for further information.

- **Scholarships and Fellowships.** If you received a scholarship or fellowship that was granted after August 16, 1986, part or all of it may be taxable even if you didn't receive a federal W-2 form. If you were a degree candidate, the amounts you used for expenses other than tuition and course-related expenses are taxable. For example, amounts used for room, board, and travel are taxable. If you were not a degree candidate, the full amount of the scholarship or fellowship is taxable. Include the taxable amount on line 19.

- **Taxable medical savings account distributions.** Distributions from medical savings accounts which were used for purposes other than medical expenses are taxable.

**Note:** *The cost of long-term care services, long-term care insurance contract premiums, or eligible long-term care premiums do not qualify as medical expenses for Hawaii income tax purposes.*

**Net operating loss.**— If, in 1998, your business or profession lost money, or you had a casualty loss, or a loss from the sale or other disposition of depreciable property or real property used in your trade or business, you can apply the losses against your 1998 income. If the losses exceed your income, the excess is a "net operating loss".

In general, net operating losses arising in taxable years beginning after August 5, 1997, may be used to reduce your income for the 2 years before 1998 and the 20 years after, or you may elect to use it to reduce your income for the 20 following years without carrying the loss to the 2 prior years. The portion of a net operating loss for a tax year that's an "eligible loss" may be carried back to the 3 preceding tax years. In the case of an individual, eligible losses are property losses arising from fire, storm, shipwreck, or other casualty, or from theft. In the case of a taxpayer that's a small business (a sole proprietorship whose average annual gross receipts are \$5 million or less for the tax year in which the loss arose), or engaged in the trade or business of farming, eligible losses are net operating losses attributable to Presidentially declared disasters.

If you carryback the loss and are due a refund from the carryback, you must file an amended return on Form N-15. Nonresidents and part-year residents

cannot file Form N-109, Application for Tentative Refund from Carryback of Net Operating Loss, for net operating losses incurred in taxable year 1998 and thereafter. A separate amended Form N-15 must be completed for each year you request an adjustment. Attach a computation of your net operating loss; and copies of your original 1998 federal Form 1040, and federal Schedules A, B, and D to the amended Form N-15. If these items are not attached, the processing of your amended Form N-15 may be delayed. For more information on filing an amended return on Form N-15, see page 28.

If you elect to carry the loss forward instead, you must attach a statement to this effect on a timely filed return (including extensions). If you make such an election, it cannot be changed later.

If you had a loss in a prior year to carry forward to 1998; enter it as a "minus" figure on line 19. Attach a separate sheet showing how you figured the amount.

**Note:** *Although nonresidents and part-year residents cannot file Form N-109, the schedule and worksheet on Form N-109 (Schedule A (Form N-109) and the Worksheet - Calculation of Hawaii Itemized Deductions for Nonresidents and Part-Year Residents ) may be used to figure the amount of the net operating loss that is available for carryback or carryforward.*

## Line 20

### Total Income

Add the amounts in Column A and B for lines 7 through 19. If any of these amounts are negative, first add all the positive amounts. Next, add all the negative amounts. Then, subtract the total of the negative amounts from the total of the positive amounts and enter the result on line 20. If the result is negative, enter it in (parentheses).

## Adjustments to Income

### Line 21

#### Individual Retirement Arrangements (IRAs)

Enter the combined amount of your IRA deduction and your spouse's IRA deduction.

**Note:** *You cannot deduct contributions to a Roth IRA or an education IRA.*

Enter in Column A, the same amount allowed on your Federal return as an IRA deduction.

Nonresidents and part-year residents: Compute your allowable deduction for Column B as follows:

- 1) Divide your total earned income subject to taxation in Hawaii by the total earned income computed without regard to source.
- 2) Multiply the resulting percentage by the deduction allowed on your federal return.

For more information, see the instructions for federal Form 1040.

### Line 22

#### Student Loan Interest Deduction

You may take this deduction if all five of the following apply.

1. You paid interest in 1998 on a qualified student loan (see below).
2. At least part of the interest paid in 1998 was paid during the first 60 months that payments were required to be made. See the Example on this page.
3. Your filing status is any status except married filing separately.
4. Your Hawaii modified adjusted gross income (AGI) is less than: \$55,000 if single, head of household, or qualifying widow(er); \$75,000 if married filing jointly.
5. You are not claimed as a dependent on someone's (such as your parent's) 1998 tax return.

If you paid interest on a qualified education loan (see below), you may be able to deduct up to \$1,000 of the interest on this line. But you may only deduct interest for the first 60 months in which interest payments are required.

**Example.** You took out a qualified student loan in 1991 while in college. You had 6 years to repay the loan and your first monthly payment was due July 1993, after you graduated. You made a payment every month as required. If you meet items 3 through 5 listed above, you may use only the interest you paid for January through June, 1998, to figure your deduction. June, 1998 is the end of the 60 month period (July 1993 - June 1998).

**Qualified student loan.** This is any loan you took out solely to pay qualified higher education expenses (see below) for you, your spouse, or anyone who was your dependent when the debt was incurred. Loans between related parties are not eligible. If you refinanced a qualified student loan, see federal Publication 970.

**Qualified higher education expenses** include tuition, fees, room and board, and related expenses such as books and supplies. The expenses must be for



education in a degree, certificate, or similar program at an eligible educational institution. An eligible educational institution includes most colleges, universities, and certain vocational schools. You must reduce the expenses by the following nontaxable benefits:

- Employer-provided educational assistance;
- U.S. Series EE savings bond interest exclusion;
- Qualified distributions from an education IRA;
- Any scholarship, educational assistance allowance, or other payment excluded from income (except for gifts, inheritances, etc.).

You cannot deduct interest if it is deducted elsewhere, such as home mortgage interest on Schedule A.

**How To Figure the Deduction.** Use the Student Loan Interest Deduction Worksheet on page 35 to figure your deduction.

## Line 23

### Medical Savings Account Deduction

Act 297, Session Laws of Hawaii 1997, adopted the medical savings account provisions of IRC section 220.

Enter in Column A, the same amount allowed on your Federal return as a medical savings account deduction.

Nonresidents and part-year residents: Compute your allowable deduction for Column B as follows:

- 1) Divide your total earned income subject to taxation in Hawaii by the total earned income computed without regard to source.
- 2) Multiply the resulting percentage by the deduction allowed on your federal return.

For more information, see the instructions to federal Form 1040.

## Line 24

### Moving Expenses

Employees and self-employed persons (including partners) can deduct certain moving expenses.

You can take this deduction if you moved in connection with your job or business and your new workplace is at least 50 miles farther from your old home than your old home was from your old workplace. If you had no former workplace, your new workplace must be at least 50 miles from your old home.

A nonresident may only deduct expenses connected with a move to or within the State of Hawaii. Hawaii allows a moving expense deduction for animal quarantine costs (up to 120 days) incurred.

Moving expenses to a new place of employment outside the State of Hawaii are not deductible. In this situation, zero should be entered on line 24, Column B.

For more details, see Form N-139. Complete and attach the form to your return.

## Line 25

### Deduction for Self-Employment Tax

If you are self-employed, you will be able to deduct as a business expense 50% of the amount of self-employment taxes paid for the tax year.

Enter in Column A, the same amount allowed on your Federal return as a deduction for self-employment tax.

Nonresidents and part-year residents: Compute your allowable deduction for Column B as follows:

- 1) Divide your total self-employment income subject to taxation in Hawaii by the total self-employment income computed without regard to source.
- 2) Multiply the resulting percentage by the deduction allowed on your federal return.

For more information see the instructions for federal Form 1040.

## Line 26

### Self-Employed Health Insurance Deduction

**Note:** *Hawaii did not adopt the federal provision which provides that the cost of long-term care insurance contract premiums are deductible as health insurance costs for self-employed individuals. Therefore, amounts paid for long-term care insurance contract premiums cannot be deducted on line 26.*

If you are self-employed, you will be able to deduct as a business expense 45% of the amount you pay for medical insurance covering yourself, your spouse, and your dependents provided that your net earned income from your Hawaii business is at least equal to the deduction.

However, if in addition to running your own business, you are an employee of another person, you will not be able to deduct the medical insurance costs you pay if you are eligible to participate in a plan maintained by your employer. This is also true even if it is your spouse who is employed and you are eligible to participate in your spouse's company plan.

For the period of nonresidency, the following limitations may also apply to your health insurance deduction:

- Only the amount paid for medical insurance coverage for the period you were self-employed within Hawaii is eligible for the deduction.
- The net earned income from your Hawaii business must be at least equal to the deduction.

For more information, see the instructions for federal Form 1040.

## Line 27

### Keogh Retirement Plan and Self-Employed SEP Deduction

**Caution:** *You must have earnings from self-employment to claim this deduction. Sole proprietors and partners enter the allowable deduction for contributions to your Keogh (H.R. 10) Plan and your SEP on line 27.*

There are two types of Keogh (H.R. 10) retirement plans:

- **Defined-contribution plan.** — This plan provides an individual account for each person in the plan. In general, if contributions to the plan are geared to the employer's profits, the plan is a profit-sharing plan. If contributions are not based on the employer's profits, the plan is a money purchase pension plan.
- **Defined-benefit plan.** — The deduction for this type of plan is determined by the investment needed to fund a specific benefit at retirement age. Write "DB" on the line to the left of the amount if you have a defined-benefit plan.

Enter in Column A, the same amount allowed on your Federal return as a Keogh retirement plan and self-employed SEP deduction.

Nonresidents and part-year residents: Compute your allowable deduction for Column B as follows:

- 1) Divide your total self-employment income subject to taxation in Hawaii by the total self-employment income computed without regard to source.
- 2) Multiply the resulting percentage by the deduction allowed on your federal return.

For more information, see the instructions for federal Form 1040.

## Line 28

### Interest Penalty on Early Withdrawal of Savings

The federal Form 1099-INT given to you by your bank or savings and loan association will show the amount of any interest penalty you were charged because you withdrew funds from your time savings deposit before its maturity. Enter this amount on line 28, Column A. (Be sure to include the interest income on Form N-15, line 8, Column A.)

The penalty cannot be deducted on your Hawaii return if none of the interest from the account was taxable as Hawaii income. If part of the interest was from an account that was taxable as Hawaii income, compute your allowable deduction as follows:

- 1) Divide the amount of interest received on that account subject to taxation in Hawaii by the total interest received on that account.
- 2) Multiply the resulting percentage by the total penalty charged to that account.

Enter this amount on line 28, Column B. (Be sure to include the taxable interest income on Form N-15, line 8, Column B.)

## Line 29

### Alimony Paid

You can deduct (subject to Department of Taxation Rules) periodic payments of alimony or separate maintenance made under a court decree. You can also deduct payments made under a written separation agreement or a decree for support. Don't deduct lump-sum cash or property settlements, voluntary payments not made under a court or a written separation agreement, or amounts specified as child support.

If you paid alimony to one person, enter the name and social security number of the recipient on the dotted line to the right of line 29.

If you paid alimony to more than one person, enter the social security number of one of the recipients. Show the social security number(s) and the amount paid to the other recipient(s) on an attached statement. Enter your total payments on line 29.

Generally, you may deduct any payment made in cash to, or on behalf of, your spouse or former spouse under a divorce or separation instrument executed after 1984 if **ALL** 5 of the following apply:

- 1) The instrument does not prevent the payment from qualifying as alimony.
- 2) You and your spouse or former spouse did not live together when the payment was made if you were separated under a decree of divorce or separate maintenance.
- 3) You are not required to make any payment after the death of your spouse or your former spouse.
- 4) The payment is not treated as child support.
- 5) For instruments executed in 1985 or 1986, the minimum term rule is met.

If your alimony payments decrease or terminate during the first 3 calendar years, you may be subject to the recapture rule.

Deduction from gross income for alimony and separate maintenance payments shall be allowed only to the extent of the ratio of gross income attributed to this State to the entire gross income computed without regard to source in this State; provided that as used in this sentence "gross income" means gross income as defined in the Internal Revenue Code, minus the deductions defined in section 62 of the Internal Revenue Code, other than the deductions for alimony and separate maintenance payments.

Example:	Total Income	Hawaii Income
Income after allowable deductions (Form N-15, page 1, line 33)*	\$100,000	\$60,000
Computation for allowable alimony deduction: \$ 60,000 / \$100,000 = 60% x \$10,000 = \$6,000		
Alimony paid (Form N-15, page 1, line 29)	\$10,000	\$6,000

\*Excluding amount paid for alimony.

For more information see federal Publication 504, Tax Information for Divorced or Separated Individuals.

## Line 30

### Payments to an Individual Housing Account

You may be able to deduct from your gross income up to \$5,000, paid in cash during the taxable year into a trust account which is established for savings for a down payment on your first principal residence in Hawaii. A deduction not to exceed \$10,000 shall be allowed for a married couple filing a joint return. No deduction shall be allowed on any amounts distributed less than 365 days from the date on which a contribution is made to the account. Any deduction claimed for a previous taxable year for amounts distributed less than 365 days from the date on which a contribution was made shall be disallowed and the amount deducted shall be included in the previous taxable year's gross income and the tax reassessed. The account, established along the same lines as an individual retirement account (IRA), is to encourage first-time home buyers to save money for a down payment on a home. The interest income earned on the account within the taxable year shall not be included in gross income.

The "first principal residence" means a residential property purchased with the payment or distribution from the individual housing account which shall be owned and occupied as the only home by an individual who did not have any previous interest in, individually, or if the individual is married, whose spouse did not have any interest in a residential property inside or outside the State of Hawaii within the last 5 years prior to opening the IHA.

The amounts paid in cash allowable as a deduction for all taxable years are limited to \$25,000, in the aggregate, excluding interest earned or accrued. This limitation also applies to married individuals having separate accounts, the sum of such separate accounts and the deduction shall not exceed \$25,000 in the aggregate, excluding interest income earned or accrued.

Other requirements:

- The trustee must be a qualified bank, savings and loan association, credit union, or depository financial services loan company. Check with your financial institution if it is a qualified institution under Hawaii IHA rules.
- The entire interest of the trust account shall be distributed to the taxpayer(s) not later than 120 months after the date on which the first contribution is made to the trust.

Enter the amount of your payments to an IHA in Columns A and B.

For more details, consult your taxation district office.

## Line 31

### Military Reserve or Hawaii National Guard Duty Pay Exclusion

The first \$1,750 received by each member of the reserve components of the army, navy, air force, marine corps, coast guard of the United States of America, and the Hawaii national guard, as compensation for performance of duty as such is not taxable for Hawaii net income tax purposes but limited to that income that would have been subject to taxation in Hawaii.

If you qualify, enter in Columns A and B the smaller of:

— \$1,750, or

— Your pay, as shown on Box 17 of the Form W-2 sent to you by your reserve component.

If you are married filing a joint return, and you and your spouse qualify, add the exclusions for both of you and enter the total on line 31, Columns A and B.

## Line 32

### Total Adjustments

Add lines 21 through 31. Enter the total on this line. Also include in the total on line 32 jury duty pay you are required to give to your employer because your employer continues to pay your salary while you serve on the jury. Include the amount you repaid during 1998 and write in the total on Form N-15, line 32 "Jury Pay" in the space to the left of the total.

## Line 33

### Adjusted Gross Income

Line 20 minus line 32. If line 33 is less than zero (0), you may have a net operating loss that you can carry to another tax year. If you carry the loss back to earlier years, see Form N-109.

## Deductions and Taxable Income Computation

## Line 34

Enter amount from line 33, Column A.

**Note: If you can be claimed as a dependent on another person's return check the box under line 34.** Complete the worksheet on page 23 and enter the appropriate amount on line 36 if you do not itemize your deductions.

## Lines 35a to 35f

### Itemized Deductions

Taxpayers who itemize their deductions may deduct certain kinds of expenses from their adjusted gross income.

Taxpayers who do not itemize their deductions may reduce their adjusted gross income by the amount of the standard deduction appropriate to their filing status. The amount of the standard deduction is determined on line 36.

You will fall into one of the three classes below:

- You **MUST** itemize deductions,
- You choose to itemize, or
- You do not itemize.

The three classes are described as follows:

### You MUST Itemize Deductions

You must itemize deductions if:

- You are married, filing a separate return, and your spouse itemizes.
- You are making a return under IRC section 443(a)(1) for a period of less than 12 months on account of a change in your annual accounting period.
- You were a nonresident alien or dual-status alien during the taxable year.

### You Choose to Itemize

You may choose to itemize your deductions if you are:

- Married and filing a joint return, or a Qualifying widow(er) with dependent child, and your itemized deductions are more than \$1,900.
- Married and filing a separate return, and your itemized deductions are more than \$950.
- Single, and your itemized deductions are more than \$1,500.
- A Head of Household, and your itemized deductions are more than \$1,650.
- A dependent of another taxpayer and your itemized deductions are more than the greater of (1) \$500 or (2) your earned income up to the amount of the standard deduction for your filing status.

### You Do Not Itemize

If your itemized deductions are less than the standard deduction amount shown on page 22 for your filing status (or you choose not to itemize), go to line 36 and enter your standard deduction amount there (unless you **MUST** itemize as described earlier).

If you itemize, you can deduct part of your medical and dental expenses, and amounts you paid for certain taxes, interest, contributions, casualty and theft losses, and other miscellaneous expenses. These deductions are explained on the pages that follow.

If you do itemize, your deductions are generally figured on *Worksheets A-1 to A-6* on page 33. Enter the amounts on Form N-15, lines 35a to 35f.

## Line 35a

### Medical and Dental Expenses

Before you can figure your total deduction for medical and dental expenses, you must complete your Form N-15 through line 34.

If you itemized deductions on your 1998 federal return, enter the number from line 1 of federal Form 1040, Schedule A on Worksheet A-1, line 1.

**Exception:** If you included the cost of long-term care services, long-term care insurance contract premiums, or eligible long-term care premiums on line 1 of federal Form 1040, Schedule A, the amount entered on Worksheet A-1, line 1, must be reduced by that amount.

If you did **not** itemize on your 1998 federal return, consult the instructions below to see which medical and dental expenses you may deduct.

Only that part of your medical and dental expenses that is more than 7.5% of your total adjusted gross income is deductible. To figure this amount, use Worksheet A-1.

On Worksheet A-1, include medical and dental bills you paid for:

- Yourself;
- Your spouse;
- All dependents you list on your return;
- Your child whom you do not claim as a dependent because of the rules explained on page 10 for *Children of Divorced or Separated Parents*; and
- Any person that you could have listed as a dependent on your return if that person had not received \$2,700 or more of gross income or had not filed a joint return.

**Example** — You gave more than half of your mother's support but cannot list her as a dependent because she received \$2,700 of wages during 1998. If part of your support was the payment of her medical bills, you can include that part in your medical expenses.

You should include all amounts you paid during 1998, but do not include amounts repaid to you, or paid to anyone else, by hospital, health or accident insurance, or your employer, or paid through a medical savings account.

### Examples of Medical and Dental Payments You CAN Deduct

To the extent you were not reimbursed, you can deduct what you paid for:

- Hospital, medical, dental, and extra Medicare (Medicare B) insurance.
- Prescription drugs and insulin.
- Medical doctors, dentists, eye doctors, gynecologists, chiropractors, osteopaths, podiatrists, psychiatrists, psychologists, physical therapists, acupuncturists, and psychoanalysts (medical care only).
- Medical examinations, X-ray and laboratory services, insulin treatment, and whirlpool baths the doctor ordered.
- Nursing help. If you pay someone to do both nursing and housework, you can deduct only the cost of nursing help.
- Hospital care (including meals and lodging), clinic costs, lab fees.
- Medical treatment at a center for drug addicts or alcoholics.
- Medical aids such as hearing aids (and batteries), false teeth, eyeglasses, contact lenses, braces, orthopedic shoes, crutches, wheelchairs, guide dogs and the cost of maintaining the dogs.
- Ambulance service and other travel costs to get medical care. If you used your own car, you can claim what you spent for gas and oil to go to and from the place you received medical care; or you can claim 10 cents a mile. Add parking and tolls to the amount you claim under either method.
- Cosmetic surgery or procedure that is necessary to correct a deformity arising from, or directly related to:
  - A congenital abnormality;
  - a personal injury resulting from an accident or trauma; or
  - a disfiguring disease.

### Examples of Medical and Dental Payments You CANNOT Deduct

You cannot deduct the following:

- The cost of long-term care services, long-term care insurance contract premiums, or eligible long-term care premiums.
- The basic cost of Medicare Insurance (Medicare A).

**Note:** If you are 65 or over and are not entitled to social security benefits, you may deduct premiums you voluntarily paid for Medicare A coverage.

- Life insurance or income protection policies.
- The 1.45% hospital insurance benefits tax withheld from your pay as part of the social security tax or paid as part of the self-employment tax.
- Nursing care for a healthy baby. (Part-year residents may qualify for the child care credit; see Schedule X, Part III.)
- Illegal operations or drugs.
- Nonprescription medicines or drugs.
- Travel your doctor told you to take for rest or change.
- Funeral, burial, or cremation costs.
- Amounts paid for cosmetic surgery which is directed at improving the appearance and does not meaningfully promote the proper function of the body or prevent or treat illness or disease.

**Note:** If expenses for cosmetic surgery are **NOT** deductible as medical expenses, then amounts paid for insurance coverage for such expenses are **NOT** deductible AND reimbursements for such expense are not excludible from the gross income of the individual if under a health plan provided by the employer.

## Line 35b

### Taxes

Certain taxes you paid during the year can be deducted.

If you itemized deductions on your 1998 federal return, you may enter the same amount from Form 1040, Schedule A, line 9 on Form N-15, line 35b.

**Exception:** If you are a federal employee receiving a Cost Of Living Allowance (COLA), not all of your Hawaii income taxes are deductible for federal purposes. (See IRS Revenue Ruling 74-140, 1974-1 C.B. 50, for more information.) Enter on line 5 of *Worksheet A-2* on page 33 the **entire** amount of state and local income taxes you paid in 1998, even if you reported a different amount on line 5 of federal Form 1040, Schedule A. Enter the amounts from lines 6, 7, and 8 of federal Schedule A on lines 6, 7, and 8, respectively, of *Worksheet A-2*.

If you did **not** itemize deductions on your 1998 federal return, complete *Worksheet A-2*.

### Taxes You CAN Deduct

#### State and Local Income Taxes

Include on this line:

- State and local income taxes withheld from your salary (as shown on your federal Form W-2) and any estimated tax payments made in 1998, including payments for a prior year;
- Any part of a prior year refund of state or local income taxes that you chose to have credited to your 1998 estimated state or local income taxes; and
- The NET amount of taxes withheld from the sale of Hawaii real property interests.

**Do not** reduce your deduction by any tax refund or credit for prior year state and local income taxes you received in 1998. See instead the instructions for line 10.

For more information about the treatment of taxes withheld from the sale of real property interests, contact your district tax office.

#### Real Estate Taxes

Include taxes that you paid on property you own that was not used for business.

If your mortgage payments include your real estate taxes, deduct only the amount equal to the real estate taxes actually paid by the mortgage company to the taxing authority.

#### Other Taxes

If you had any deductible tax not listed on *Worksheet A-2*, lines 5, 6, or 7 (such as foreign income taxes that you want to deduct instead of taking a credit), write the amount on *Worksheet A-2*, line 8.

### Taxes You CANNOT Deduct

- Federal income tax.
- Social security tax (FICA).
- Medicare tax.
- Railroad retirement tax (RRTA).
- Federal excise tax on personal property, transportation, telephone, and gasoline.
- Custom duties.

- Federal estate and gift taxes. (However, see *Miscellaneous Deductions* on page 21).
- Certain state and local taxes, including:
  - a. General sales taxes.
  - b. Tax on gasoline.
  - c. Hawaii motor vehicle registration fees, including car inspection fees.
  - d. Tax on liquor, beer, wine, cigarettes and tobacco.
  - e. Assessments for sidewalks or other improvements to your property.
  - f. Taxes paid for your business or profession. (These business taxes are deducted elsewhere.)
  - g. Tax you paid for someone else.
  - h. License fees. (Marriage, driver's, dog, hunting, auto, etc.)
  - i. Inheritance tax.

## Line 35c

### Interest Expense

If you itemized deductions on your 1998 **federal** return, you may write the amount from line 14 of your 1998 federal Schedule A on Form N-15, line 35c. You need not complete *Worksheet A-3* on page 33.

**Exception:** If you had to file a 1998 federal Form 4952, you must refigure your investment interest deduction for state tax purposes on Hawaii Form N-158. Enter the amount from Form N-158 on line 13 of *Worksheet A-3*. Enter the amounts from lines 10, 11, and 12 of federal Form 1040, Schedule A, on the corresponding lines of *Worksheet A-3*. Attach Form N-158 to your return.

If you did **not** itemize deductions on your 1998 federal return, complete *Worksheet A-3*.

You should show on *Worksheet A-3* interest on non-business items only. Business-related interest is deducted elsewhere.

Except for certain mortgage interest, the amount of your personal interest expense (such as credit card interest) is **not** allowed as an itemized deduction on *Worksheet A-3*.

**Home Mortgage Interest.** — In most cases, you will be able to deduct all of your home mortgage interest. The following rules apply to any loans secured by your main home, including first and second mortgages, home equity loans and refinanced mortgages. Whether your home mortgage interest is deductible depends on the date you took out the mortgage, the amount of the mortgage and your use of its proceeds.

If ALL of your mortgages fit into one or more of categories **a.**, **b.**, and **c.** below, you can deduct all of the interest on those mortgages and report it on *Worksheet A-3*, line 10 or 11, whichever applies. If one or more of your mortgages does not fit into any of the categories below, see federal Publication 936, *Limits on Home Mortgage Interest Deduction*, to figure the amount of interest you can deduct.

**a. Mortgages you took out on your main home ON or BEFORE October 13, 1987.** These mortgages also include line-of-credit mortgages you had on October 13, 1987, and mortgages you had on October 13, 1987, that you refinanced after that date. But see *Special Rules* if you refinanced or borrowed additional amounts on a line-of-credit mortgage after October 13, 1987.

**b. Mortgages you took out on your main home AFTER October 13, 1987, to buy, build, or improve your home,** but only if these mortgages plus any mortgages in **a.** above totaled \$1 million or less throughout 1998. The limit is \$500,000 or less if married filing separately.

**c. Mortgages you took out AFTER October 13, 1987, on your main home, OTHER THAN to buy, build, or improve your home,** but only if these mortgages totaled \$100,000 or less throughout 1998. The limit is \$50,000 or less if married filing separately.

An example of a mortgage used for purposes other than to buy, build, or improve your home is a home equity loan you used to pay off credit card bills, to buy a car, or to pay tuition costs.

### Special Rules

**Refinanced Mortgages.** — If you had a mortgage on your home on October 13, 1987, and refinanced it after that date for no more than the balance of the existing mortgage, all of the new mortgage is treated as a mortgage described in **a.** above. But, if you refinanced it for more than the balance of the existing mortgage, only the part of the new mortgage equal to the amount you owed on the mortgage at the time you refinanced is treated as a mortgage described in **a.** The part of the new mortgage that is more than the balance of the existing mortgage is a mortgage described in **b.** or **c.** (or **b.** and **c.** if a **mixed-use mortgage** — see below).

**Line-of-Credit Mortgages.** — If you had a line-of-credit mortgage on your home on October 13, 1987, and you borrowed additional amounts on this line of credit after that date, the additional amounts borrowed are treated as a mortgage taken out after October 13, 1987, and are subject to the rules under **b.** or **c.** (or **b.** and **c.** if a **mixed-use mortgage** — see below).

**Mixed-Use Mortgages.** — If you took out a new mortgage after October 13, 1987, (including refinancing for more than what you owe or borrowing additional amounts on a line-of-credit mortgage you had on October 13, 1987), for purposes described in both **b.** and **c.** above, you have a mixed-use mortgage. The mortgage proceeds used to buy, build, or improve the home fit into category **b.** and the rest of the proceeds fit into category **c.**

**Example.** You took out a mortgage on your home for \$200,000 in 1980. You file as single for 1998. In March 1998, when the home had a fair market value of \$400,000, and you owed \$195,000 on the mortgage, you took out a home equity loan for \$120,000. In 1998, you used \$90,000 of the home equity loan proceeds for home improvements, and \$30,000 for other purposes. You can deduct all of the interest on both mortgages. The first mortgage qualifies because it was taken out on or before October 13, 1987. The home equity loan qualifies under the dollar limits in **b.** and **c.** The part of the mortgage subject to the dollar limit in **b.** (\$90,000) plus the first mortgage of \$195,000 totaled less than \$1 million. The part of the mortgage subject to the dollar limit in **c.** (\$30,000) was less than \$100,000.

**Note:** Additional limits apply if the total amount of all mortgages exceeds the fair market value of the home. See federal Publication 936.

**What is a Home.** — A home may be a house, condominium, cooperative, mobile home, boat, or similar property. It must provide basic living accommodations including sleeping space, a toilet, and cooking facilities.

**More Than One Home.** — If you had a main home and a second home, the dollar limits explained in **b.** and **c.** above apply to the total mortgages on both homes.

**Investment interest deduction.** — Investment interest is interest paid on money you borrowed that is allocable to property held for investment. It does not include any interest allocable to a passive activity.

Complete and attach Form N-158, *Investment Interest Expense Deduction*, to figure your deduction.

**Exception.** You do not have to file Form N-158 if ALL of the following apply:

- Your only investment income was from interest or dividends,
- You have no other deductible expenses connected with the production of the interest or dividends,
- Your investment interest expense is not more than your investment income,
- You have no carryovers of investment interest expense from 1997, and
- You have no passive activity losses.

For more details, see federal Publication 550, *Investment Income and Expenses*.

### Interest Expense You CANNOT Deduct

Do not include the interest you paid for —

- Personal Interest.
- Indebtedness of another person, when you are not legally liable for payment of the interest.
- A gambling debt or other nonenforceable obligation.
- A life insurance loan, if interest is added to the loan and you report on the cash basis.
- Money you borrowed to buy tax-exempt securities or single-premium life insurance.
- Any kind of business transaction. Business interest expenses are reported elsewhere.

See the instructions for federal Form 1040, Schedule A—Interest Expense for more information.

## Line 35d

### Gifts to Charity

If you itemized deductions on your 1998 **federal** return, write the amount from line 18 of Form 1040, Schedule A on Form N-15, line 35d. You need not complete *Worksheet A-4* on page 33.

**Exception:** If you have a contribution carryover from prior years and the amount is different for federal and State tax purposes, enter the amounts from lines 15 and 16 of federal Schedule A on lines 15 and 16, respectively, of *Worksheet A-4*.

If you did **not** itemize deductions on your 1998 federal return, complete *Worksheet A-4* on page 33.

### Contributions You CAN Deduct

You may deduct what you gave to organizations that are religious, charitable, educational, scientific, or literary in purpose. You may also deduct what you gave to organizations that work to prevent cruelty to children or animals. An organization that tells you it is a "501(c)(3) organization" is telling you that it falls into this category.

Examples of these organizations are:

- Churches, temples, synagogues, Salvation Army, Red Cross, CARE, Goodwill Industries, United Way, Boy Scouts, Girl Scouts, Boys Club of America, etc.
- Fraternal orders, if the gifts will be used for the purposes listed above.
- Veterans' and certain cultural groups.
- Nonprofit schools, hospitals, and organizations whose purpose is to find a cure for or help people who have arthritis, asthma, birth defects, cancer, cerebral palsy, cystic fibrosis, diabetes, heart disease, hemophilia, mental illness or retardation, multiple sclerosis, muscular dystrophy, tuberculosis, etc.
- Federal, State, and local governments if the gifts are solely for public purposes.

Contributions can be cash (including checks and money orders), property, or out-of-pocket expenses you paid to do volunteer work for the kinds of organizations described above. If you drive to and from the volunteer work, you can take 14 cents a mile or the actual cost of gas and oil. Add parking and tolls to the amount you claim under either method. (But don't deduct any amounts that were repaid to you.)

If you made a gift **and received a benefit in return**, such as food, entertainment, or merchandise, you may deduct only the amount that is more than the value of the benefit. For example, if you paid \$70 to a charitable organization to attend a fund raising dinner and the value of the dinner was \$40, you may deduct only \$30.

If you do not know whether you can deduct what you gave to an organization, check with that organization or with your taxation district office.

## Contributions You CANNOT Deduct

- Political contributions (but see instructions for Miscellaneous Deductions, line 35f).
- Dues, fees, or bills paid to country clubs, lodges, fraternal orders, or similar groups.
- Cost of raffle, bingo, or lottery tickets.
- Tuition to a private school.
- The value of your time or services.
- Value of blood given to a blood bank.
- The transfer of a future interest in tangible personal property (generally until the entire interest has been transferred).
- Gifts to:
  - a. Individuals.
  - b. Foreign organizations.
  - c. Groups that are run for personal profit.
  - d. Groups whose purpose is to lobby for changes in the law.
  - e. Civic leagues, social and sports clubs, labor unions, and chambers of commerce.

## Limit on the Amount You May Deduct

See federal Publication 526 to figure the amount of your deduction if **any** of the following applies:

- Your cash contributions, or contributions of ordinary income property, are more than 30% of your total adjusted gross income.
- Your gifts of capital gain property are more than 20% of your total adjusted gross income.
- You gave gifts of property that increased in value, or gave gifts of the use of property.

## Gifts by Cash or Check

On Worksheet A-4, line 15, enter the total contributions you made in cash or by check (including out-of-pocket expenses).

**Note:** For contributions made on or after January 1, 1994, charitable contributions of \$250 or more must be substantiated by a written acknowledgement from the donee organization to be deductible.

## Other Than by Cash or Check

On Worksheet A-4, line 16, enter the total contributions you made other than by cash or check. If you gave property, you should keep records stating the kind of property you gave, the name of the organization you gave it to, the date you gave it, how you figured its value at the time you gave it, and whether it was capital gain or ordinary income property. If you determine the value of a gift by an appraisal, keep a signed copy of it.

**For gifts valued at over \$500, attach a statement to Form N-15 showing:**

- a. The address of the organization.
- b. A description of the property.
- c. Any condition attached to the gift.

d. How you got the property.

e. The cost or other basis of the property if:

1. You owned it less than five years, or
2. You must reduce it by any ordinary income or capital gain that would have resulted if the property had been sold at its fair market value.

f. How you figured your deduction if you choose to reduce your deduction for contributions of capital gain property.

g. If the gift was a "qualified conservation contribution" under IRC section 170(h), also include the fair market value of the underlying property before and after the gift, the type of legal interest donated, and describe the conservation purpose furthered by the gift. Federal Form 8283 may be used for this purpose.

If you donate property to an organization for which you claim a deduction of over \$5,000 (\$10,000 for stock except publicly traded stock) for a single item (plus all similar items donated to one or more organizations), you must attach an appraisal of the donated property's fair market value to your return. The appraisal must be obtained from a qualified independent appraiser. A copy of federal Form 8283 may be used for this purpose as well.

If you gave used items, such as clothing or furniture, deduct their fair market value at the time you gave them. Fair market value is what a willing buyer would pay a willing seller when neither has to buy or sell and both are aware of the conditions of the sale.

## Line 35e

### Casualty and Theft Losses

Use line 35e to report casualty or theft loss(es) of property that is not trade, business, or rent or royalty property. Complete federal Form 4684, Casualties and Thefts, to figure your loss. Write the amount from line 16 of federal Form 4684 on line 19 of *Worksheet A-5* on page 33, fill in *Worksheet A-5*, and attach a copy of federal Form 4684 to Form N-15.

### Losses You CAN Deduct

You may be able to deduct all or part of each loss caused by theft, vandalism, fire, storm, and car, boat, and other accidents or similar causes.

If you have a nonbusiness casualty loss that is covered by insurance, you cannot take the casualty loss deduction unless you file a timely insurance claim for that loss. You can deduct nonbusiness casualty or theft losses only to the extent that:

- a. The amount of EACH separate casualty or theft loss is more than \$100, and
- b. The total amount of ALL losses during the year is more than 10% of your adjusted gross income on Form N-15, line 33, column A.

You may also deduct the costs of proving that you had a property loss. Examples of these costs are appraisal fees and photographs used to establish the amount of your loss.

### Losses You CANNOT Deduct

- Money or property misplaced or lost.
- Breakage of china, glassware, furniture, and similar items under normal conditions.
- Progressive damage to property (buildings, clothes, trees, etc.) caused by termites, moths, other insects, or disease.

## Line 35f

### Miscellaneous Deductions

If you did **not** itemize deductions on your 1998 federal return, complete *Worksheet A-6* on page 33.

If you itemized deductions on your 1998 **federal** return, take the amounts on Form 1040 or 1040PC, Schedule A, lines **23 and 27** and write them on lines 23 and 27 of *Worksheet A-6* on page 33. Then, complete the worksheet starting from line 24.

**Note:** If you made **political contributions** in 1998, you may be able to deduct some or all of your contributions regardless of the amount of your adjusted gross income. See Political Contributions on page 22.

### In General

Most miscellaneous deductions cannot be deducted in full. You must subtract 2% of your adjusted gross income from the total.

Generally, the 2% limit applies to job expenses you paid for which you were not reimbursed (line 20). The limit also applies to tax preparation fees (line 21) and certain expenses you paid to produce or collect taxable income (line 22).

The 2% limit does not apply to certain other miscellaneous expenses that you may deduct. These expenses can be deducted in full on lines 27 and 28. Gambling losses (to the extent of winnings) and certain job expenses of

handicapped employees can be deducted on line 27. See federal Publication 529, Miscellaneous Deductions, for more information.

## Expenses Subject to the 2% Limit

### Employee Business Expenses

On Worksheet A-6, line 20, report job expenses you paid for which you were not reimbursed. Attach a copy of federal Form 2106 or 2106-EZ, if:

1. You claim any travel, transportation, meal, or entertainment expenses for your job; or
2. Your employer paid you for any of your job expenses reportable on Worksheet A-6, line 20.

**Examples of expenses to include on line 20 of Worksheet A-6 are:**

- Travel, transportation, meal, or entertainment expenses.
- Union dues.
- Safety equipment, small tools, and supplies you needed for your job.
- Uniforms your employer said you must have, and which you may not usually wear away from work.
- Protective clothing required in your work, such as hard hats, and safety shoes and glasses.
- Physical examinations your employer said you must have.
- Dues to professional organizations and chambers of commerce.
- Subscriptions to professional journals.
- Fees to employment agencies and other costs to look for a new job in your present occupation, even if you do not get a new job.
- Business use of part of your home, but only if you use that part exclusively and on a regular basis in your work and for the convenience of your employer. For details, including limits that apply, see federal Publication 587, Business Use of Your Home.
- Education expenses you paid that were required by your employer, or by law or regulations, to keep your salary or job. In general, you may also include the cost of keeping or improving skills you must have in your job. For more details, see federal Publication 508, Educational Expenses. Some education expenses are not deductible. See *Expenses You MAY NOT Deduct* on this page.

### Tax Preparation Fees

On Worksheet A-6, line 21, enter the total fees you paid to prepare your federal and Hawaii tax return, including fees paid for filing your return electronically. But **do not** include fees deducted elsewhere, such as business expenses.

### Other Expenses

On Worksheet A-6, line 22, enter the total amount you paid to produce or collect taxable income, and manage or protect property held for earning income. But **do not** include expenses deducted elsewhere. Attach a statement showing the type and amount of each expense to Form N-15. Examples of these expenses are:

- Safe deposit box rental.
- Certain legal and accounting fees.
- Clerical help and office rent.
- Custodial (e.g. trust account) fees.
- Your share of the investment expenses of a regulated investment company.
- Certain losses on uninsured deposits in an insolvent or bankrupt financial institution. For details, including limits on the amount you can deduct, see federal Publication 529.
- Deduction for repayment of amounts under a claim of right whether more or less than \$3,000. See *Repayments* in federal Publication 525, Taxable and Nontaxable Income, for more information.
- Certain expenses related to an activity not engaged in for profit. For details, get federal Publication 535, Business Expenses.

## Expenses NOT Subject to the 2% Limit

### Other Deductions

List only the following expenses on Worksheet A-6, Line 27:

- Gambling losses, but only to the extent of gambling winnings that were reported on Form N-15, line 19.
- Federal estate tax on income in respect of a decedent.
- Amortizable bond premium on bonds acquired before October 23, 1986.
- Certain unrecovered investment in an annuity (IRC section 72(b)(3)). For details, see federal Publication 575, Pension and Annuity Income.
- Impairment-related work expenses of a handicapped person.

List the type and amount of each expense and attach a copy of the list to your return. Enter one total in the amount space for line 27. For more information on these expenses, get federal Publication 529, Miscellaneous Deductions.

### Political Contributions

On line 28 of Worksheet A-6, list:

- Political contributions not in excess of \$250 in the year (up to \$500 on a joint return) to a central or county committee of a political **party** whose candidate was on the ballot for the immediately previous general election; and
- Contributions to **candidates** who agreed to abide by the campaign spending limits set by law, but you can't deduct more than \$1,000 in a year (\$2,000 on a joint return) total, and you can't deduct more than \$250 (\$500 on a joint return) to any one candidate.

In order to claim a deduction to candidates who agreed to abide by the campaign spending limits, you must attach a receipt to Form N-15. Canceled checks or copies of the same shall be considered adequate forms of receipt.

If you do not know whether the candidate agreed to abide by the campaign spending limits, contact your district tax office.

### Expenses You MAY NOT Deduct

Some expenses are not deductible at all. Examples are:

- Political contributions to candidates who did not agree to abide by the campaign spending limits.
- Personal legal expenses.
- Lost or misplaced cash or property (but see casualty and theft losses).
- Expenses for meals during regular or extra work hours.
- The cost of entertaining friends.
- Expenses of going to or from work.
- Education that you need to meet minimum requirements for your job or that will qualify you for a new occupation.
- Expenses of:
  - a. Travel as a form of education.
  - b. Attending a seminar, convention, or similar meeting unless it is related to your employment.
  - c. Adopting a child, including a child with special needs.
- Fines and penalties.
- Expenses of producing tax-exempt income.

## Line 36

### Total Itemized Deductions or Standard Deduction

#### Dependents

If your parent (or someone else) can claim you as a dependent on his or her return (even if that person chose not to claim you), check the box *under line 34*. If you are claiming the standard deduction, see **Standard Deduction for Dependents** below to figure your standard deduction.

#### Itemized Deductions

Your state income tax will be less if the total of your itemized deductions is larger than the standard deduction. To figure your itemized deductions, fill in lines 35a to 35f.

If the amount on Form N-15, line 33, Column A, is \$100,000 or less (\$50,000 if married filing separately), add lines 35a through 35f, and enter the result on line 36.

*People with higher incomes may not be able to deduct all of their itemized deductions.* If the amount on Form N-15, line 33, Column A, is more than \$100,000 (\$50,000 if married filing separately), use the worksheet on page 33 to figure the amount you may deduct.

#### Standard Deduction

Taxpayers who do not itemize their deductions may reduce their adjusted gross income by the amount of the standard deduction appropriate to their filing status. The amount of the standard deduction for each filing status is listed below.

##### Filing Status

##### Standard Deduction

Single	\$1,500
Married filing jointly	1,900
Married filing separately	950
Head of Household	1,650
Qualifying Widow(er)	1,900

**Standard Deduction for Dependents.** If you can be claimed as a dependent by someone else and you do not itemize your deductions, your standard deduction is limited to the greater of \$500 or your earned income (up to the full standard deduction for your filing status). The standard deduction for an

individual who can be claimed as a dependent on the tax return of another taxpayer is computed as follows:

- A. Enter your earned income (defined below). If none, enter zero. .... **A.** \_\_\_\_\_
- B. Minimum amount ..... **B.** 500.00
- C. **Compare** the amounts on lines A and B above. Enter the LARGER of the two amounts here ..... **C.** \_\_\_\_\_
- D. Maximum amount. Enter the full standard deduction for your filing status, shown in the chart, here ..... **D.** \_\_\_\_\_
- E. **Compare** the amounts on lines C and D above. Enter the SMALLER of the two amounts here and on Form N-15, line 36. .... **E.** \_\_\_\_\_

Earned income includes wages, salaries, tips, professional fees, and other compensation received for personal services you performed. It also includes any amount received as a scholarship that you must include in your income. Generally, your earned income is the total of the amount(s) you reported on Form N-15, lines 7 and 12, Column A, minus the amount, if any, on line 25, Column A.

**Special Rule for Nonresident and Dual-Status Aliens.**— If you were a nonresident or dual-status alien during the tax year, you cannot claim the standard deduction. You must itemize any allowable deductions.

## Line 37

Line 34 minus line 36. (This line **MUST** be filled in.)

## Line 38

### Exemptions

#### Regular Exemptions

You are allowed \$1,040 for each exemption you can claim. Multiply \$1,040 by the total number of exemptions you claimed on line 6e. **Remember, if you can be claimed as a dependent on another person's tax return, you may not claim an exemption for yourself.**

OR

#### Blind, Deaf, or Totally Disabled — Definition, Certification, and Exemptions

Check the appropriate box(es) on line 38 if you are blind, deaf or totally disabled and your impairment has been certified. You **must** submit completed Forms N-172 and N-857 **prior to** filing your return in order to claim this exemption. **If you do not, the exemption will be disallowed and your return processed without the disability exemption(s) claimed.**

"Blind" means a person whose central visual acuity does not exceed 20/200 in the better eye with correcting lenses, or whose visual acuity is greater than 20/200 but is accompanied by a limitation in the field of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.

"Deaf" means a person whose average loss in the speech frequencies (500-2000 Hertz) in the better ear is 82 decibels, A.S.A., or worse.

"Person totally disabled" means a person who is totally and permanently disabled, either physically or mentally, which results in the person's inability to engage in any substantial gainful business or occupation. It is presumed that a person whose gross income, before deductions and exemptions, exceeds \$30,000 per year is engaged in a substantial, gainful business or occupation.

The impairment of sight, deafness or disability shall be certified on the basis of a written report on an examination performed by a qualified ophthalmologist, qualified optometrist or a qualified otolaryngologist, or a qualified physician, as the case may be, on Form N-857.

A blind, deaf or totally disabled person who qualifies, may be allowed a Disability Exemption of \$7,000. The Disability Exemption is in lieu of the regular personal exemption of \$1,040. The following maximum exemptions are allowed:

One individual (any filing status) —	\$7,000
Husband and Wife (non-disabled spouse <i>under</i> 65) —	\$8,040
Husband and Wife (non-disabled spouse age 65 or over) —	\$9,080
Husband and Wife (both disabled) —	\$14,000

**Note:** If you claim this special exemption you will not be able to claim the additional exemptions for your children or other dependents, or for being 65 or older.

Enter the appropriate amount on line 38.

For more information, see Tax Information Release No. 89-3, "State Tax Benefits Available to Persons with Impaired Sight, Impaired Hearing, or Who are Totally Disabled" and Tax Information Release No. 94-2, "State Tax Benefits Available to Persons Totally Disabled".

## Line 39

### Taxable Income

Line 37 minus line 38, but not less than zero.

## Tax Computation

**Note:** Nonresidents and part-year residents may elect to file Form N-15 at the highest marginal tax rate for individual taxpayers in lieu of providing information as to worldwide source income. See page 7 for more information.

## Line 40

### Tax on the Amount on Line 39

To figure the tax on the amount on line 39, you will use one of the following methods. Read the conditions below to see which you should use, and check the appropriate box on line 40. Then, go to the Tax Computation Worksheet on page 34.

### Tax Table

If your taxable income is less than \$100,000, you **MUST** use the Tax Table to find the tax on the amount on line 39.

Be sure you use the correct column in the Tax Table. After you have found the correct tax, enter that amount on line 40.

There is an example at the beginning of the table to help you find the correct tax.

### Tax Rate Schedules

You must use the Tax Rate Schedules to figure the tax on the amount on line 39 if your taxable income is \$100,000 or more.

### Alternative Tax on Capital Gains

If you have a net capital gain, you may be able to reduce the tax on the amount on line 39 using the *Tax on Capital Gains Worksheet* on page 34 if your taxable income is over \$11,000 (\$5,500 for Single, and Married Filing Separately, classifications).

### Form N-168

An individual engaged in a farming business may elect to average their farm income over a three-year period. See Form N-168 for more information.

### Form N-615

If a child under age 14 has investment income of more than \$1,000, use Form N-615 to see if any of the child's investment income is taxed at the parent's rate and, if so, to figure the child's tax on the amount on line 39. See Form N-615 for more information.

### Total Tax Liability on the Amount on Line 39

Use the *Tax Computation Worksheet* on page 34 to figure the total tax liability on the amount on line 39.

## Line 41

### Ratio of Hawaii AGI to Total AGI

Divide line 33, Column B, by line 33, Column A. Compute the ratio to 3 decimal places and round it to 2 decimal places. For example, line 33, Column A is \$90,000; and line 33, Column B is \$60,000. The ratio of Hawaii AGI to total AGI is 0.67 (60,000/90,000 = 0.666 rounded to 0.67).

**Note:** If line 33, Column A is zero or a negative number (loss), enter zero on line 41. If line 33, Column B is zero or a negative number (loss), enter zero on line 41. If both line 33, Columns A and B are negative numbers (losses), enter zero on line 41. If line 33, Column B is greater than line 33, Column A, enter 1.00 on line 41.

## Line 42

Multiply line 40 by the ratio on line 41

## Line 43

### Other Taxes

Use this line to report any of the additional taxes listed below:

- Form N-152, Special 5-Year Averaging Method.
  - Form N-312, Recapture of Capital Goods Excise Tax Credit.
  - Form N-405, Tax on Accumulation Distribution of Trusts.
  - Form N-586, Recapture of Low-Income Housing Tax Credit.
- For more information, see the instructions for the forms listed.

## Line 44

### Total Tax

Add lines 42 and 43.

## Nonrefundable Credits

### Line 45

#### Credit For Income Taxes Paid to Other States and Countries

**Note:** This credit may **not** be claimed by nonresidents.

If you have out-of-state income that is taxed by another state or foreign country and also by Hawaii, you may claim a credit against your Hawaii income for the net income tax you paid to the other state or foreign country on income you reported in Column B while you were a Hawaii resident if you meet the following conditions:

- The income was earned while you were a **Hawaii resident** and was not exempt from Hawaii income tax;
- You did not file an *Election Under Act 60, SLH 1976* (see page 5);
- The income on which the state or foreign tax is imposed was derived or received from sources outside Hawaii;
- You were liable for and paid tax to the foreign jurisdiction (net amount of tax paid to a foreign jurisdiction after all credits, reductions, and refunds allowed or allowable by the laws of the foreign jurisdiction have been deducted);
- The tax paid to the other state or foreign country is an income-based tax that is imposed on both residents and nonresidents of the other state or foreign country, rather than a sales, gross receipts, withholding, or value added tax;
- The income is not exempt from federal income tax under Subchapter N of the Internal Revenue Code (see federal Form 1116 for more details);
- The income must be taxed by the other state or foreign country for the same taxable year for which the Hawaii credit is claimed; and
- No credit is allowed for penalties or interest paid to the other state or foreign country.

To figure the allowable amount of the credit, fill in the Other State and Foreign Tax Credit Worksheet on page 34.

**Required Attachments.** If you entered any amount on line 5, you must attach a copy of the tax return(s) from the other state(s). If you entered any amount on line 6, you must attach a copy of all federal Form(s) 1116 that you are filing this year.

**Out-of-State Tax Refund.** If you claim this credit and you later receive a tax refund from the other state or foreign country, you **MUST** report this to the Department of Taxation. You may be subject to penalties if you fail to make this report.

For more information, see section 235-55, HRS, and section 18-235-55, Hawaii Administrative Rules.

#### Credit For Beneficiaries of Foreign Trusts

Any resident beneficiary of a trust with a situs in another State may claim a credit for income taxes paid by the trust to the other State on any income that is attributable to assets other than intangibles. This credit is not allowed for trusts that are residents in a foreign country (or in any territory or possession of the United States).

The trust will inform you of what your share of the trust's income is, and how much of it is long-term capital gains. Include these amounts on lines 3 and 4, respectively, of the *Other State and Foreign Tax Credit Worksheet* on page 34.

The trust will also tell you your share of the tax the trust paid to the other state. Find out how much of the trust's income was attributable to real property and tangible personal property (**not** including stocks, bonds, mortgages, and other intangibles). Divide that number by the total amount of the trust's income, and multiply your share of the out-of-state tax by that percentage. Include this amount on line 5 of the *Other State and Foreign Tax Credit Worksheet* on page 34.

#### Credit For Shareholders of S Corporations

A shareholder of an S corporation shall be considered to have paid a tax imposed on the shareholder in an amount equal to the shareholder's pro rata share of any net income tax paid by the S corporation to a state which does not measure the income of S corporation shareholders by the income of the S corporation. The term "net income tax" means any tax imposed on or measured by a corporation's net income.

The S corporation will inform you of what your share of its income is, and how much of it is long-term capital gains. Include these amounts on lines 3 and 4, respectively, of the *Other State and Foreign Tax Credit Worksheet* on page 34.

The S corporation will also tell you your share of the tax paid to the other state. Include this amount on line 5 of the *Other State and Foreign Tax Credit Worksheet* on page 34.

**Special Rule for Part-Year Residents:** If you are a part-year resident, you are only allowed a credit for the period in which you were a resident. In using the *Other State and Foreign Tax Credit Worksheet* on page 34, **do not include** income that was earned during the period of nonresidence, deductions that were connected with that income, or taxes paid or payable on that income. For more information, see Tax Information Release No. 90-3, *Income Taxation and Eligibility for Credits of an Individual Taxpayer Whose Status Changes from Resident to Nonresident or Nonresident to Resident*.

### Line 46

#### Energy Conservation Tax Credit

**Note:** Act 163, Session Laws of Hawaii 1998, extends the duration of the energy conservation tax credit to July 1, 2003, and provides that if similar federal energy tax credits are established after June 30, 1998, but before July 1, 2003, then the state tax credit will be reduced by the amount of the federal energy tax credit.

**Note:** Nonresidents may claim this credit **only** if they received a proration of energy conservation credit on Form N-157A from a Hawaii partnership, trust, estate, or S corporation.

Each individual **resident** taxpayer who files a net income tax return for 1998 may claim a tax credit against his or her income tax liability for a solar or wind energy system, heat pump, or ice storage system installed and placed in service in 1998. Additions to existing systems (e.g., *additional* solar energy panels) and systems for a second home qualify for this credit. The cost of repairs to existing systems (e.g., *replacing* solar energy panels), however, **do not** qualify for this credit. The tax credit applies only to the actual cost of the solar or wind energy system, heat pump, or ice storage system, including accessories and installation, and shall not include the cost of consumer incentive premiums unrelated to the operation of the system or offered with the sale of the system or heat pump (such as "free gifts", offers to pay electricity bills, or rebates).

The tax credit may be claimed for the following energy conservation systems installed and placed in service after 12/31/89 (12/31/90 for ice storage systems), but before 7/1/2003:

Type of Energy Conservation System	Tax Credit Rate
1. Wind energy systems	20% of the actual cost of the system.
2. Solar energy systems	
a. New and existing single family residential buildings.	The lesser of 35% of the actual cost of the system or \$1,750.
b. New and existing Multi-unit buildings used primarily for residential purposes.	Per building unit: The lesser of 35% of each unit's actual cost of the system or \$350.
c. New and existing hotel, commercial and industrial facilities.	35% of the actual cost of the system.
3. Heat pumps	
a. New and existing single family residential buildings.	The lesser of 20% of the actual cost of the system or \$400.
b. New and existing Multi-unit buildings used primarily for residential purposes.	Per building unit: The lesser of 20% of each unit's actual cost of the system or \$200.
c. New and existing hotel, commercial and industrial facilities.	20% of the actual cost of the system.
4. Ice storage systems	50% of the actual cost of the system.

In the event that tax credits claimed exceed the amount of the income tax due, the excess credits may be carried over to subsequent years until used up.

To claim this tax credit, attach Form N-157. Enter the amount of the credit claimed on this line.

For more information, see Form N-157.

### Line 47

#### Enterprise Zone Tax Credit

A qualified enterprise zone business is eligible to claim a credit for a percentage of net income tax due the State attributable to the conduct of business within a zone and a percentage of the amount of unemployment insurance premiums paid based on the payroll of employees employed at the business firm establishments in the zone. The applicable percentage is 80% the first year; 70% the second year; 60% the third year; 50% the fourth year; 40% the fifth year; 30% the sixth year; and 20% the seventh year. This credit



is not refundable and any unused credit may NOT be carried forward. For more information, see Form N-756, Enterprise Zone Tax Credit. To claim the credit, attach Form N-756.

## Line 48

### Low-Income Housing Tax Credit

**Note:** *Nonresidents may claim this credit **only** if they received a proration of low-income housing tax credit from a Hawaii partnership, trust, estate, or S corporation.*

Hawaii's low-income housing tax credit is equal to 30% of the federal credit for qualified buildings located within the State of Hawaii. The federal credit must be claimed in order to claim the Hawaii credit. Attach Form N-586, Tax Credit for Low-Income Housing, to the income tax return on which the credit is claimed.

Contact the Housing and Community Development Corporation of Hawaii for qualifying requirements and further information.

## Line 49

### Credit For Employment of Vocational Rehabilitation Referrals

The amount of the tax credit for the taxable year shall be equal to 20% of the qualified first-year wages for that year. The amount of the qualified first-year wages which may be taken into account with respect to any individual shall not exceed \$6,000.

"Qualified wages" means the wages paid or incurred by the employer during the taxable year to an individual who is a vocational rehabilitation referral and more than one-half of the wages paid or incurred for such an individual is for services performed in a trade or business of the employer.

"Qualified first-year wages" means, with respect to any vocational rehabilitation referral, qualified wages attributable to service rendered during the one-year period beginning with the day the individual begins work for the employer.

The credit allowed shall be claimed against net income tax liability for the taxable year. A tax credit which exceeds the taxpayer's income tax liability may be used as a credit against the taxpayer's income tax liability in subsequent years until exhausted.

Claims for this credit, including any amended claims thereof, must be filed on or before the end of the twelfth month following the close of the taxable year for which the credit may be claimed.

For more information, see Form N-884, Credit for Employment of Vocational Rehabilitation Referrals. To claim the credit, complete and attach Form N-884.

## Line 50

### Total Nonrefundable Credits

Add lines 45 through 49. Enter the total on this line.

## Line 51

Line 44 minus line 50. Enter the result on this line, but not less than zero.

## Tax Already Paid

## Line 52

### Total Hawaii Income Tax Withheld

Add the Hawaii income tax withheld as shown on your Form N-2 and federal Form W-2, and the Hawaii income tax withheld from unemployment compensation. Enter the total on this line.

**Note:** If taxes were withheld on the sale of Hawaii real property, report this amount on line 53, "1998 Estimated Tax Payments".

## Line 53

### 1998 Estimated Tax Payments

Enter on this line only your estimated Hawaii income tax payments you made on Form N-1 for 1998 and amounts paid on your behalf as a nonresident shareholder of an S corporation doing business in Hawaii as shown on your S corporation's Form N-4 and reported to you on your copy of Schedule K-1 (Form N-35), line 12j. Do not include your 1997 overpayment that you requested to have applied to your 1998 estimated tax (this amount is to be reported on line 54).

If you had taxes withheld on the sale of Hawaii real property and you did not apply for a refund of those taxes on Form N-288C, "Application for Tentative Refund of Withholding on Dispositions of Hawaii Real Property Interests", include the amount of taxes withheld and attach a copy of the Form(s) N-288A

showing the withholding. If you filed a Form N-288C, subtract the amount of refund you already applied for on that form.

If the tax was withheld for you through a partnership, estate, trust, or S corporation, see the Instructions for *Credit for Taxes Withheld on the Sale of Hawaii Real Property Interests* on page 26.

Enter the amounts paid on Forms N-1, the N-4 filed by your S corporation, and N-288A in the appropriate spaces. Add the amounts paid on Forms N-1, the N-4 filed by your S corporation, and N-288A, and enter the result on line 53.

If you and your spouse paid joint estimated tax but are now filing separate income tax returns, either of you can claim all of the amount paid or you can each claim a part of it. Please be sure to show both social security numbers (or ITINs) on the separate returns. If you or your spouse paid separate estimated tax, but you are now filing a joint income tax return, add the amounts you each paid.

Follow the above instructions even if your spouse died during the year.

## Line 54

### 1997 Overpayment Applied to 1998 Estimated Tax

Enter on this line any overpayment from your 1997 return that you applied to your 1998 estimated tax as shown on line 68 of your 1997 Form N-15.

## Line 55

### Amount Paid with Extension(s)

If you filed Form N-101A (or federal Form 4868) and/or N-101B (or federal Form 2688) to get an extension of time to file Form N-15, enter the amount you paid on this line.

## Refundable Credits

**IMPORTANT!** If the amount of payments plus these credits is at least \$1 more than your tax, the difference will be refunded to you. It is very important that you *carefully* read the following instructions for each of these credits to ensure that you properly claim all the credits to which you are entitled.

**Warning:** *Many of the following credits **MUST** be claimed on or before the end of the twelfth month following the end of the taxable year. If you do not claim these credits within that period, the credits are **waived** and **cannot** be claimed later, even on an amended return.*

## Line 56

### Food Tax Credit

**Note:** *Act 157, Session Laws of Hawaii 1998, repeals the food tax credit for taxable years beginning **AFTER** December 31, 1998.*

**Note:** *This credit may **not** be claimed by nonresidents.*

Some part-year resident taxpayers may qualify for this credit. See the instructions for Schedule X, Part I, on page 28. Figure the credit on Schedule X, Part I, and enter the amount of the credit here.

**Note:** *Do not claim this credit if you are being claimed or eligible to be claimed as a dependent by any taxpayer for federal or Hawaii income tax purposes.*

**Deadline for claiming this credit.** Claims for this credit, including any amended claims, **must** be filed on or before the end of the twelfth month after the close of your taxable year.

## Line 57

### Credit for Low-Income Household Renters

**Note:** *This credit may **not** be claimed by nonresidents.*

If you occupy and pay rent for real property within the State as your residence, your total adjusted gross income was less than \$30,000, and the rent you paid during 1998 was more than \$1,000, you may qualify for this credit. To see if you qualify, see the instructions for Schedule X, Part II, on page 28. If you qualify, figure the credit on Schedule X, Part II, and enter the amount of the credit here.

**Note:** *Do not claim this credit if you are being claimed or eligible to be claimed as a dependent by any taxpayer for federal or Hawaii income tax purposes.*

**Deadline for claiming this credit.** Claims for this credit, including any amended claims, **must** be filed on or before the end of the twelfth month after the close of your taxable year.

## Line 58

### Credit for Child and Dependent Care Expenses

**Note:** *This credit may **not** be claimed by nonresidents.*

Certain payments made for child and dependent care (including payments made to the State of Hawaii A+ Program) may be claimed as a credit against your tax due. To see if you qualify, see the instructions for Schedule X, Part III, on page 29. If you qualify, figure the credit on Schedule X, Part III, and enter the amount of the credit here.

**Note:** Do not claim this credit if you are being claimed or eligible to be claimed as a dependent by any taxpayer for federal or Hawaii income tax purposes.

## Line 59

### Credit for Child Passenger Restraint System

Each individual taxpayer who files an individual income tax return for the taxable year may claim a tax credit for 1998 for the purchase of **one or more new** child passenger restraint systems which comply with federal motor vehicle safety standards.

**Note:** This credit is \$25 **per return** regardless of the cost or the number of restraint systems purchased.

**To Claim this Credit.** Enter \$25 on line 59, and attach a copy of the sales invoice, which states the type of child restraint system purchased, to your return.

**Your claim for this credit may be rejected** if the invoice is not attached, or if 1) or 2) applies but no statement or explanation is attached.

- 1) If the invoice doesn't have your name on it, you must attach a statement saying that you and nobody else is claiming the credit for the purchase described in the invoice.
- 2) If the invoice has somebody else's name on it, you must attach an explanation.

**Deadline for claiming this credit.** Claims for the tax credit, including any amended claims thereof, must be filed on or before the end of the twelfth month after the close of your taxable year.

## Line 60

### Capital Goods Excise Tax Credit

A four percent credit is available to Hawaii businesses that acquire qualifying business property and place it in service during the taxable year.

**To Claim This Credit.** Complete Form N-312 and attach the form to your return.

For more information, see the instructions for Form N-312 and Tax Information Release No.88-6, *Capital Goods Excise Tax Credit*, Tax Information Release No. 88-8, *Capital Goods Excise Tax Credit Recapture*, and Tax Information Release No. 89-4, *The Taxpayer Who Is Entitled To The Capital Goods Excise Tax Credit When the Parties Characterize a Transaction As A Sale-Leaseback*.

## Line 61

### Fuel Tax Credit for Commercial Fishers

Each principal operator of a commercial fishing vessel who files an individual income tax return may claim an income tax credit for certain fuel taxes paid during the year.

**To Claim This Credit.** Complete Form N-163 and attach the form to your return.

**Deadline for claiming this credit.** Claims for this credit, including any amended claims thereof, must be filed on or before the end of the twelfth month after the close of your taxable year.

## Line 62

### Motion Picture and Film Production Income Tax Credit

A taxpayer may claim an income tax credit of up to 4 percent of costs incurred, and of up to 6 percent of transient accommodations costs incurred in Hawaii in the production of motion picture or television films.

**To Claim This Credit.** Complete Form N-316 and attach the form to your return.

**Deadline for claiming this credit.** Claims for this credit, including any amended claims, **must** be filed on or before the end of the twelfth month after the close of your taxable year.

## Line 63

### Hotel Remodeling Tax Credit

**Note:** The Hotel Remodeling Tax Credit will not be available for taxable years beginning after December 31, 1998.

A taxpayer may claim an income tax credit of 4 percent of the renovation costs incurred during the taxable year for each qualified hotel facility located in Hawaii. The total amount of the tax credit shall be limited by an amount that shall not exceed 10 percent of the transient accommodations tax paid by the taxpayer in the preceding tax year that is attributable to the qualified hotel facility.

**To Claim This Credit.** Complete Form N-314 and attach the form to your return.

**Deadline for claiming this credit.** Claims for this credit, including any amended claims, **must** be filed on or before the end of the twelfth month after the close of your taxable year.

## Line 64

### Other Credits

#### Credit for Taxes Withheld on the Sale of Hawaii Real Property Interests

If taxes were withheld on the sale of your Hawaii real property, see the instructions for *1998 Estimated Tax Payments* on page 25.

If the tax was withheld by a partnership, estate, trust or S corporation, and you are taxable on a pro rata share of the entity's gain on the sale, include **ONLY** the amount of your pro rata share of any net income taxes withheld and paid by the partnership, estate, trust or S corporation on this line, and attach an explanation that includes the name and tax identification number of the entity withholding the tax.

**Note:** If the partnership, estate, trust or S corporation filed a Form N-288C, "Application for Tentative Refund of Withholding on Dispositions of Hawaii Real Property Interests", you **may not** claim this credit for your share of the amount being refunded to the entity.

#### Credit From a Regulated Investment Company

A shareholder of a regulated investment company is allowed a credit for the tax paid to the State by the company on the amount of capital gains which by section 852(b)(3)(D) of the Internal Revenue Code is required to be included in the shareholder's return. The regulated investment company will notify you of the undistributed capital gains amount and the tax paid, if any. If this credit applies to you, include the amount on line 64 and attach an explanation.

## Line 65

### Total Payments and Credits

Add lines 52 through 64. Enter the amount on this line.

---

## Refund or Balance Due

## Line 66

### Amount Overpaid

If line 65 is larger than line 51, line 65 minus line 51 is the amount overpaid. You can choose to have all, or part, of this amount refunded to you (line 67). The remainder, if any, can be applied to your estimated tax for 1999 (line 68).

## Line 67

### Refund

Enter the amount from line 66 that you want refunded to you. This line must be completed to receive a refund.

## Line 68

### Applied to 1999 Estimated Tax

Line 66 minus line 67. This is the amount that will be applied to your estimated tax for 1999. Enter this amount on line 68.

We will apply amounts to your account unless you attach a request to apply it to your spouse's account. The request should include your spouse's social security number and full name.

## Line 69

### Balance Due

If line 51 is larger than line 65, line 51 minus line 65 is your balance due.

Attach your check or money order for the full amount when you file. Make it out to "Hawaii State Tax Collector." Be sure to write your social security number and "1998 Form N-15" on it. Please pay in U.S. dollars.

**Note:** If you include penalty and/or interest for the late filing of your return with your payment, identify and enter these amounts on a separate sheet

of paper and attach to Form N-15. Do not include the penalty and/or interest amounts for the late filing of your return in the Balance Due on line 69.

## Line 70

### Estimated Tax Penalty

See the instructions for **Penalties and Interest** on page 27 and Form N-210, Underpayment of Estimated Tax by Individuals and Fiduciaries, to see if you owe a penalty for the underpayment of estimated taxes.

If you owe a penalty, enter the penalty amount on Form N-15, line 70. Add the penalty amount to any tax due and enter the total on line 69. If you have an overpayment, subtract the penalty amount from the overpayment you show on line 66. However, if your overpayment is less than the penalty amount, enter the difference as a balance due on line 69.

Check the box at line 70 if Form N-210 is attached.

## Line 71

### 1999 Forms

If you would like us to mail you a packet of forms for next year's filing, check the box at line 71, and you will receive the 1999 Form N-15 packet.

If you will be a full-year resident for 1999, and need the 1999 Forms N-11/ N-12 packet, see page 6 for the location of your district tax office or phone number to request the forms you need.

## Now continue with Step 7 below.

## Step 7

### Check your return to make sure it is correct.

## Step 8

### Sign and date your return.

Form N-15 is not considered a valid return unless you sign it. Your spouse must also sign if it is a joint return. Be sure to date your return. If you have someone else prepare your return, you are still responsible for the correctness of the return. If you are filing a joint return as the surviving spouse, see *Death of Taxpayer* on page 6.

**Child's Return.** If your child cannot sign the return, sign your child's name in the space provided. Then, add "By (your signature), parent for minor child."

## Step 9

### Did you have someone else prepare your return?

If you fill in your own return, the Paid Preparer's space should remain blank. If someone prepares your return and does not charge you, that person should not sign your return.

Generally, anyone who is paid to prepare your tax return must sign your return and fill in the other blanks in the Paid Preparer's Information area of your return.

If you have questions about whether a preparer is required to sign your return, please contact your taxation district office.

The preparer required to sign your return **MUST** complete the required preparer information and:

- Sign it, by hand, in the space provided for the preparer's signature. (Signature stamps or labels are not acceptable.)
- Give you a copy of your return in addition to the copy to be filed with your taxation district office.

## Step 10

### Attachments

Attach a copy of your Form(s) HW-2 and N-2, or federal Form W-2, to the front of Form N-15 in the area designated. To the back of your return attach, in the following order:

- Any schedules, in alphabetical order.
- Other Hawaii N- series forms, in numerical order.
- Any other federal forms, in numerical order. Attach them here even if you are using the federal forms to substitute for state forms (see *Related Federal/Hawaii Tax Forms* on page 3).
- A copy of your federal income tax return.
- Any other required attachments.

**A return without the required schedules, forms, and attachments is incomplete. You must file a *complete* return on time to avoid paying penalties and interest for late filing.**

If you need more space on forms or schedules, attach separate sheets and use the same arrangement as the printed forms. But show your totals on the printed forms. Please use sheets that are the same size as the forms and schedules. Be sure to put your name and social security number on these separate sheets.

If you owe tax, be sure to attach your payment to the front of Form N-15.

## Reminders

### Processing of Your Tax Return

In general, refunds due to you are issued within 8 weeks from the date your return is filed with the Department of Taxation. However, it may take additional time if you filed your return close to the April 20 filing deadline, if errors were made in completing your return, or you moved and did not change your address in writing with the district tax office with which you filed your return.

Please do not contact the Department regarding the status of your tax return until at least 4 weeks have passed if you filed your tax return in January or February, or until at least 6 weeks have passed if you filed your tax return in March or April.

### Penalties and Interest

**Late Filing of Return.** The law provides a penalty of 5% of the tax due for each month, or part of a month, the return is late (maximum 25%) unless you can show reasonable cause for the delay. If you file a return late, attach a full explanation to your return.

**Extensions.** If you are unable to file your Hawaii tax return by April 20, 1999, file Form N-101A, *Application for Automatic Extension of Time to File Hawaii Individual Income Tax Return*, to receive an automatic four month extension. Federal Form 4868, *Application for Automatic Extension of Time To File U.S. Individual Income Tax Return*, may be used in lieu of Form N-101A. You should estimate the amount of tax you think will be due, and pay any tax you think you will owe. If, after April 20, you find that your estimate of the tax due was too low, you should pay the additional tax as soon as possible to avoid further accumulation of penalties and interest. Pay any estimated additional tax with another Form N-101A or federal Form 4868.

**Interest.** Interest will be charged on taxes not paid by their due date, even if an extension of time to file is granted. The interest rate for not paying tax when due is 2/3 of 1% of the unpaid amount for each month or part of a month it remains unpaid.

**Failure to pay tax after filing timely returns.** If a return is timely filed and the tax due is not completely paid within 60 days of the due date of the return, an amount up to 20% of the unpaid tax will be added to the tax due.

**Underpayment of estimated taxes.** You may be subject to a penalty for not paying enough estimated tax if your tax payments, including withholding, do not total the smallest of:

- 1) 90% (66 2/3% for farmers and fishermen) of the 1998 tax liability; or
- 2) 100% of the tax shown on the 1997 return (110% of that amount if you are not a farmer or a fisherman and your adjusted gross income on that return is more than \$150,000 (\$75,000 for married filing separately).

There are special rules for farmers and fishermen.

For more information, see Form N-210, Underpayment of Estimated Tax by Individuals and Fiduciaries.

### Change of Address

If your mailing address changes after you file your return, you must notify the Department **in writing** of the change in addition to notifying the post office serving your former address. Failure to do so may prevent any refund due to you from being delivered (the U.S. Postal Service is not permitted to forward your State refund check), and delay important notices or correspondence to you regarding your return. Be sure to include your name(s) and social security number(s) as printed on your return in any correspondence with the Department.

### How Long Should Records Be Kept?

Keep records of income, deductions, and credits shown on your tax return, as well as any worksheets you used, until the statute of limitations runs out for that return. Usually this is three years from the date the return was due or filed, or three years from the date the tax was paid, whichever is later. Also keep copies of your filed tax returns and any Forms W-2 or 1099 you received as part of your records. You should keep some records longer. For example, property records (including those on your home) should be kept as long as they are needed to figure the basis of the original or replacement property. For more details, see federal Publication 552, Recordkeeping for Individuals.

## Amended Return

If you file your income tax return and later become aware of any changes you must make to income, deductions, or credits, you may file an amended return on Form N-15 to change the Form N-15 you already filed. Use the Form N-15 for the year you are amending. You cannot file a 1997 amended return on a 1998 Form N-15. Write the word "**AMENDED**" in the upper left hand corner of the return, and fill in the return with all of the correct information. Attach a statement to the amended return explaining the changes to income, deductions, and credits.

If you **paid additional tax** with your original return, include that amount on line 64, Other Credits. If you **claimed a refund** on your original return, subtract that amount from that line; if the line was blank on your original return, show the refund amount in parentheses.

You can get prior year forms from your local district tax office or off the Internet. See page 6 for the location of your district tax office or phone number to request the forms you need, and for the Department's website address.

You may also file an amended return on Form N-188X, Amended Individual Income Tax Return, to amend a Form N-15 filed for taxable years prior to 1997. Form N-188X may **not** be used to amend a Form N-15 filed for taxable years 1997 and thereafter.

## Change in Federal Taxable Income

In general, a change to your federal return, whether it is made by you (on federal Form 1040X) or by the Internal Revenue Service, must be reported to the State of Hawaii.

- 1) Section 235-101(b), HRS, requires a report to the Director of Taxation if the amount of IRC taxable income is changed, corrected, adjusted or recomputed as stated in (3).
- 2) This report must be made:
  - a) Within 90 days after a change, correction, adjustment or recomputation is finally determined.
  - b) Within 90 days after an amended return is filed.
- 3) A report within the time set out in (2) is required if:
  - a) The amount of taxable income as returned to the United States is changed, corrected, or adjusted by an officer of the United States or other competent authority.
  - b) A change in taxable income results from a renegotiation of a contract with the United States or a subcontract thereunder.
  - c) A recomputation of the income tax imposed by the United States under the Internal Revenue Code results from any cause.
  - d) An amended income tax return is made to the United States.
- 4) The statutory period for the assessment of any deficiency or the determination of any refund attributable to the report shall not expire before the expiration of one year from the date the Department is notified by the taxpayer or the Internal Revenue Service, whichever is earlier, of such a report in writing.

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# Instructions for Schedule X — Tax Credits

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**Note:** *These credits may not be claimed by nonresidents.*

## Purpose

Use Schedule X to claim the food tax credit, credit for low-income household renters, and the credit for child and dependent care expenses. **Some part-year resident taxpayers may qualify for at least one of these refundable credits. Even if you have no taxable income, you should complete and file Schedule X to claim these credits so they can be refunded to you.**

**Warning:** *The food tax credit and the credit for low-income household renters MUST be claimed on or before the end of the twelfth month following the end of the taxable year. If you do not claim these credits within that period, the credits are waived and cannot be claimed later, even on an amended return.*

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## Part I

### Food Tax Credit

**Note:** *Act 157, Session Laws of Hawaii 1998, repeals the food tax credit for taxable years beginning after December 31, 1998.*

**Note:** *Do not claim this credit if you are eligible to be or are being claimed as a dependent by any taxpayer for federal or Hawaii income tax purposes.*

#### Qualified Exemptions

The food tax credit may be claimed for each **resident** individual who:

- Was a resident of Hawaii and was physically present in Hawaii for more than nine months during the taxable year;
- Is not claimed and is not eligible to be claimed as a dependent by any taxpayer for federal or Hawaii individual income tax purposes; and
- Was not confined in jail, prison, or a youth correctional facility for the full taxable year.

#### For Whom the Credit May Be Claimed

A part-year resident taxpayer filing Form N-15 may claim the credit for any of the following people who are "qualified exemptions" as defined above:

- The taxpayer's self;
- The taxpayer's spouse, if the spouse is filing jointly with the taxpayer;
- The taxpayer's dependents; and
- The taxpayer's minor children receiving support from the Department of Human Services of the State, social security survivor benefits, and the like.

#### Birth or Death of a Qualified Exemption

- A person who dies during the year may be a qualified exemption so long as the person was alive and physically present within the State for more

than nine months. If a person who was continuously living in Hawaii died after September 30, 1998, that person could still be a qualified exemption.

- A child who is born during 1998 could be a qualified exemption if the mother was physically present in the State while pregnant with the child and the total days of gestation and life after birth total more than nine months during the taxable year.

## Line 1

### Qualified Exemptions

On line 1, enter the names of all qualified exemptions. Start with yourself, enter your spouse's name if you are filing a joint return, and list your dependent children. List **only** persons who are qualified exemptions.

If married filing separately, only one spouse may claim the dependents.

Enter the number of qualified persons on line 1.

## Line 2

### Minor Children Receiving Public Support

On line 2, list your minor children who are also qualified exemptions, and who receive more than half of their support from the Department of Human Services, Social Security benefits, and other government payments. If you are married filing separately, only one spouse may claim each child. Enter the number of children here, and on the space provided beside Form N-15, line 56.

## Line 3

Line 1 plus line 2.

## Line 4

### Amount of the Credit

Line 3 times \$27. This credit does not depend on adjusted gross income. Enter this amount on Form N-15, line 56.

**Deadline for claiming this credit.** Claims for this credit, including any amended claims, **must** be filed on or before the end of the twelfth month after the close of your taxable year.

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## Part II

### Credit for Low-Income Household Renters

Each **resident** taxpayer who occupies and pays rent for real property within the State as his or her residence and who files an individual income tax return for the taxable year, including those who have no income or no income taxable

under chapter 235, HRS, may claim a tax credit of \$50 per **qualified exemption**, including the additional exemption for taxpayers age 65 or over, provided the following four conditions are met:

- The taxpayer is not eligible to be claimed as a dependent for federal or State income tax purposes by another taxpayer;
- The taxpayer has adjusted gross income of less than \$30,000; and
- The taxpayer has paid more than \$1,000 in rent during the taxable year.
- The rented property is NOT partly or wholly exempt from real property tax. (For example, county or State low-income housing projects, military housing, dormitories in schools, residential real property owned by a nonprofit organization, and homes in which the owner occupies a portion of the property, may be partly or wholly exempted from real property tax.)

**Note:** *Minor children receiving more than half of their support from the State Department of Human Services, Social Security benefits, and the like, are **NOT** considered qualified exemptions for purposes of claiming this credit. A child listed in line 2 of Part I does **not** count toward this credit.*

A “**residence**” is defined as the dwelling place that constitutes the principal residence of the taxpayer or his or her immediate family in this State.

“**Rent**” means the amount paid in cash in any taxable year for the occupancy of a residence. Rent does not include:

- Charges for utilities, parking stalls, storage of goods, yard services, furniture, furnishings, and the like;
- Rental claimed as a deduction from gross income or adjusted gross income for income tax purposes;
- Ground rental paid for use of land only; and
- Rental allowances or rental subsidies received (i.e. housing allowance received from the armed forces or the Hawaii Housing Authority.).

## Line 1

### Adjusted Gross Income

If the adjusted gross income (Form N-15, line 33, Column A) shown on your return is more than \$30,000, **stop here**; you cannot take this credit.

**Married filing separately.** If you are married filing separately, you must add your spouse's adjusted gross income to your own. If you are married filing separately and your spouse is a nonresident, you need to determine your spouse's adjusted gross income from all sources, within and outside of Hawaii, and add that amount to your own adjusted gross income. If the **total** is more than \$30,000, you cannot claim this credit.

## Line 2

### Resident for More Than Nine Months

If you are a part-year resident who has been in Hawaii for 9 months or less in 1998, **stop here**; you cannot take this credit.

## Line 3

### Dependent of Another Taxpayer

If you can be claimed as a dependent on another person's return, **whether or not** that person claims you, **stop here**; you cannot take this credit.

## Line 4

### Your Addresses

List your most recent address first. Fill in all of the required information. If you lived in more than three locations during 1998, attach a separate sheet listing the same information for the other locations.

**Do not list** any location that was partly or wholly exempt from real property tax, such as:

- County or State low-income housing projects;
- Military housing; or
- Dormitories in schools or other nonprofit organizations.

## Line 5

### Rent You Paid

Enter the total amount of rent **you paid** during 1998 to all of the locations listed on line 4. If you are sharing or were sharing the rent with somebody else, list only your share of the rent here.

## Line 6

### Exclusions

Enter that portion of the amount on line 5 which:

- Is for ground rent, utilities, goods, or services;
- You claimed as a deduction anywhere on your tax return; or
- You were reimbursed, through a rental allowance or rental subsidy from any source.

## Line 7

Line 5 minus line 6. If this amount is less than \$1,000, **stop here**; you cannot take this credit.

## Line 8

### Qualified Exemptions

- a Enter the number from Schedule X, Part I, line 1.....
- b If you are a qualified exemption and you are age 65 or over, enter 1. Otherwise, enter 0.....
- c If you are filing a joint return, your spouse is a qualified exemption, and your spouse is age 65 or over, enter 1. Otherwise, enter 0.....
- d Add lines a through c. Enter the result here and on line 8 of Schedule X, Part II.....

## Line 9

### Amount of the Credit

Line 8 times \$50. Enter this amount on Form N-15, line 57.

**Deadline for claiming this credit.** Claims for this credit, including any amended claims, **must** be filed on or before the end of the twelfth month after the close of your taxable year.

## Part III

## Credit for Child and Dependent Care Expenses

If you maintain a household that included a child under age 13 or a dependent or spouse incapable of self-care, you may be allowed this credit for expenses you paid during the taxable year to care for your dependent so you could work.

### If you filed federal Form 2441 or Form 1040A, Schedule 2

If you filed either federal form, you are probably eligible for the Hawaii credit as well. Instead of filling out all of Part III, follow these steps:

- Fill in Section A, Care Provider Information. Be sure to include the care providers' general excise tax license numbers in column (d).
- In Section B, line 2, enter the amount from line 10 of Form 2441 or Schedule 2. Then go to Section B, line 11.
- In Section B, line 11, enter the amount from line 19 of Form 2441 or Schedule 2.
  - If you are filing Form N-15, include this amount on the wages line (line 7) of Form N-15, and write “DCB” on the dotted line next to line 7.
  - Then go to Section C, line 20.
- In Section C, line 20, enter the amount from line 6 of Form 2441 or Schedule 2.
- Then go to Section C, lines 21, 22, and 23, to figure your credit.
- Be sure to complete line 16 (information on the qualifying person).

### Who May Claim the Credit

If you are a **resident** taxpayer who files an individual income tax return for a taxable year, you are not claimed or eligible to be claimed as a dependent on another taxpayer's federal or Hawaii income tax return, and you maintain a household which includes one or more qualifying persons (defined below), you may be allowed a credit against your income tax. The credit ranges from 15% to 25% of employment-related expenses (up to certain limitations) PAID during the taxable year in order to enable you to work either full or part time for an employer or as a self-employed individual.

### Maintaining a Household

You will be treated as maintaining a household for any period only if you furnish over half the cost of maintaining the household for that period. If you are married during that time, you and your spouse must provide over half the maintenance cost for the period.

The expenses of maintaining a household include property taxes, mortgage interest, rent, utility charges, upkeep and repairs, property insurance, and food

consumed on the premises. They do not include the cost of clothing, education, medical treatment, vacations, life insurance, and transportation.

## Qualifying Person

A qualifying person is any one of the following persons:

- Any person under age 13 whom you claim as a dependent (but see special rule (4) below, *Children of Divorced or Separated Parents*).
- Your disabled spouse who is mentally or physically unable to care for himself or herself.
- Any disabled person who is mentally or physically unable to care for himself or herself and whom you claim as a dependent, or could claim as a dependent except that he or she had income of \$2,700 or more.

## Employment-related Expenses

Employment-related expenses are those paid for the following, but only if paid to enable you to be gainfully employed:

(1) *Expenses for Household Services.* Expenses will be considered for household services in your home if they are for the ordinary and usual services necessary for the operation of the home, and bear some relationship to the qualifying person. For example, payment for services of a domestic maid or cook ordinarily will be considered expenses for household services if performed at least partially for the benefit of the qualifying person.

(2) *Expenses for the Care of a qualifying person.* Expenses will be considered for the care of one or more qualifying persons if their main purpose was to assure that individual's well-being and protection. Payments for food, clothing, or education are not such expenses. However, if the care provided includes expenses that cannot be separated, the full amount paid will be considered for the qualifying person's care. Thus, the full amount paid to a nursery school will be considered for the care of a child even though the school also furnishes lunch. Educational expenses for a child in the first or higher-grade level are not expenses for the child's care.

You may NOT include any amount paid for services outside your household at a camp where the qualifying person stays overnight.

Do not include services outside your household as employment-related expenses for your spouse or a dependent age 13 or older. However, services outside your household are employment-related expenses for a dependent who has not reached his or her 13th birthday or for an individual who regularly spends at least eight hours each day in your household.

You may include expenses incurred for qualified dependent care centers as employment-related expenses. The dependent care center must comply with all applicable laws, rules, and regulations of Hawaii if the center is located within Hawaii. If the center is located outside Hawaii, the center must comply with all applicable laws, rules, and regulations of the state or country in which the center is located. Furthermore, these centers must provide care for more than six individuals (other than individuals who reside at the center), and must receive a fee, payment, or grant providing services for any of the individuals (regardless of whether such center is operated for profit).

**Note:** *Payments made to the State of Hawaii A+ Program qualify for the credit.*

## Medical Expenses

Some dependent care expenses may qualify as medical expenses. If you cannot use all the medical expenses to qualify for this credit because of the dollar limit or earned income limit (explained later), you can take the rest of these expenses as an itemized deduction for medical expenses. But if you deduct the medical expenses first on Worksheet A-1, you cannot use any part of these expenses on Schedule X.

## Special Rules

(1) *Married Couples Must File Joint Returns.* If you are married at the end of the taxable year, the credit for employment-related expenses is allowable only if you and your spouse file a joint return for the taxable year.

(2) *Marital Status.* If you are legally separated from your spouse under a decree of divorce or separate maintenance, you are not considered married.

(3) *Certain Married Individuals Living Apart and Filing Separate Returns.* If during the last 6 months of the taxable year your spouse was not a member of your household and you (a) maintained a household which was for more than one-half of the taxable year the principal place of abode of a qualifying person, and (b) furnished over half of the cost of maintaining such household during the taxable year, then you are not considered married for purposes of the credit or the exclusion.

(4) *Children of Divorced or Separated Parents.* If you were divorced, legally separated, or lived apart from your spouse during the last 6 months of 1998, you may be able to claim the credit even if your child is not your dependent. If your child is not your dependent, he or she is a qualifying person if all five of the following apply:

- You had custody of the child for the longer period during the year;

- The child received over half of his or her support from one or both of the parents;
- The child was in the custody of one or both of the parents over half of the year;
- The child was under age 13, or was physically or mentally unable to care for himself or herself; and
- The child is not your dependent because:

- As the custodial parent, you signed federal Form 8332, Release of Claim to Exemption for Child of Divorced or Separated Parents, or a similar statement, agreeing not to claim the child's exemption for 1998; or
- You were divorced or separated before 1985 and your divorce decree or written agreement states that the other parent can claim the child's exemption, and the other parent provides at least \$600 in child support during the year. **Note:** *This rule does not apply if your decree or agreement was changed after 1984 to specify that the other parent cannot claim the child's exemption.*

(5) *Payments to a Related Individual.* You can count work-related expenses you pay to relatives who are not your dependents, even if they live in your home. However, do not count any amounts you pay to:

- A dependent for whom you (or your spouse if you are married) can claim an exemption, or
- Your child who is under age 19 at the end of the year, even if he or she is not your dependent.

## Line 1

### Care Providers

Complete columns (a) through (e) for each person or organization that provided the care. If you do not give the information asked for in each column, or if the information you give is not correct, your credit and, if applicable, the exclusion of employer-provided dependent care benefits may be disallowed.

You can use **Form HW-16**, "Dependent Care Provider's Identification and Certification", to get the correct information from the care provider. (This form is available at your district tax office.) If the provider does not comply with your request to certify the information, complete the entries you can, such as the provider's name and address. Write "See attached" in the columns for which you do not have the provider's certification of information. Attach a statement that you requested the information from the care provider, but the provider did not comply with your request. You must keep records to show that you exercised due diligence in attempting to provide the required information. For more details, including what is considered "due diligence," see federal Publication 503.

**Columns (a) and (b).** Enter the care provider's name and address. If you were covered by your employer's dependent care plan and your employer furnished the care (either at your workplace or by hiring a care provider), enter your employer's name in column (a), write "See W-2" in column (b), and leave columns (c) through (e) blank. But if your employer paid a third party (not hired by your employer) on your behalf to provide the care, you must give information on the third party in columns (a) through (e).

**Column (c).** If the care provider is an individual, enter his or her social security number (SSN). If the individual is an alien and was issued an individual taxpayer identification number (ITIN) by the IRS, enter the ITIN. For other than an individual, enter provider's federal employer identification number (FEIN). If the provider is a tax-exempt organization, write "Tax-Exempt" in column (c).

**Column (d).** Enter the care provider's general excise tax license number. If the provider is a tax-exempt charitable organization (IRC section 501(c)(3)), enter "Tax-Exempt".

**Column (e).** Enter the total amount you **actually paid** during the taxable year to the care provider. Also include amounts your employer paid on your behalf to a third party. It does not matter when the expenses were incurred. Do not reduce this amount by any reimbursement you received.

## Line 2

### Employer-Paid Dependent Care Benefits

If you received dependent care benefits from an employer (you have a federal form W-2 that has an amount in Box 10), and:

- You are claiming the federal credit, see *If you filed federal Form 2441 or Form 1040A, Schedule 2* on page 29.
- You filled out federal Form 2441 or Form 1040A, Schedule 2, but it said you cannot take the credit, then you cannot take the Hawaii credit either.
- You are not filing a federal return, then enter the amount shown in Box 10 of your W-2 form(s).

## Line 3

### Amount Forfeited

If you participated in an employee plan in which the amount you contributed to an employer-paid dependent care benefit plan was deducted from your income, and you did not receive the full benefit from this plan, you may be entitled to deduct the amount forfeited on this line. (See your employer for the forfeited amount you are allowed to deduct.)

## Line 7

### Your Earned Income

In general, earned income is wages, salaries, tips, and other employee compensation. It also includes net earnings from self-employment. For more information, see the instructions to lines 18 and 19 below.

## Line 8

### Spouse's Earned Income

If your filing status is Married Filing Jointly, enter your spouse's earned income on this line.

If your filing status is Married Filing Separately, see *Certain Married Individuals Living Apart and Filing Separate Returns* on page 30. If you are considered unmarried under that rule, enter your earned income (from line 7) on this line; on line 10, enter the smaller of the amount from line 9 or \$5,000. If you are **not** considered unmarried under that rule, enter your spouse's earned income on line 8.

If your spouse was a student or disabled in 1998, see *Spouse Who Is a Full-time Student or Is Disabled* discussed below. On line 10, enter the smaller of the amount from line 9 or \$2,500.

All other taxpayers should enter the amount on line 7.

## Line 11

### Taxable Benefits

Line 4 minus line 10. Also, include this amount on line 7 of Form N-15. On the corresponding dotted line write "DCB".

## Line 16

### Qualifying Person(s)

Complete columns (a) through (d) for each qualifying person. If you have more than two qualifying persons, attach a statement to your return with the required information. Be sure to put your name and social security number on the statement. Also, write "See attached" on the dotted line next to line 17.

**Column (a).** Enter each qualifying person's name.

**Column (b).** Enter the qualifying person's relationship to you.

**Column (c).** Enter the qualifying person's social security number.

**Column (d).** Enter the qualified expenses you incurred and paid in 1998 for the person listed in column (a). Do not include in column (d) qualified expenses:

- You incurred in 1998 but did not pay until 1999. You may be able to use these expenses to increase your 1999 credit.

- You incurred in 1997 but did not pay until 1998. Instead, see the instructions for line 23 below.
- You prepaid in 1998 for care to be provided in 1999. These expenses may only be used to figure your 1999 credit.

## Lines 18 and 19

### Earned Income Limit

The amount of your qualified expenses cannot be more than your earned income or, if married filing a joint return, the smaller of your earned income or your spouse's earned income.

In general, earned income is wages, salaries, tips, and other employee compensation. It also includes net earnings from self-employment.

**Unmarried taxpayers.** If you are unmarried at the end of 1998 or are treated as being unmarried at the end of the year, enter your earned income on line 18.

**Married Taxpayers.** If you are married filing a joint return, figure each spouse's earned income separately and disregard community property laws. Enter your earned income on line 18 and your spouse's earned income on line 19.

**Spouse Who Is a Full-time Student or Is Disabled.** If your spouse was a full-time student or was mentally or physically unable to care for himself or herself, figure your spouse's earned income on a monthly basis to determine your spouse's earned income for the year. For each month that your spouse was disabled or a full-time student, your spouse is considered to have earned income of not less than \$200 a month (\$400 a month if more than one qualifying person was cared for in 1998). But if your spouse also worked during any month and earned more than that amount, use his or her actual earned income.

For any month that your spouse was not disabled or a full-time student, use your spouse's actual earned income if your spouse worked during the month.

If, in the same month, both you and your spouse were full-time students and did not work, you cannot use any amount paid that month to figure the credit. The same applies to a couple who did not work because neither was capable of self-care.

**A full-time student** is one who was enrolled in a school for the number of hours or classes that is considered full time. The student must have been enrolled at least 5 months during 1998.

**Self-employment income.** You must reduce your earned income by any loss from self-employment. If you only have a loss from self-employment, or your loss is more than your other earned income, you cannot take the credit.

## Line 23

### Amount of the Credit

If you had qualified expenses for 1997 that you did not pay until 1998, you may be able to increase the amount of credit you can take in 1998. To do this, multiply the 1997 expenses you paid in 1998 by the applicable percentage from the table on line 22 that applies to your 1997 adjusted gross income. Your 1997 expenses must be within the 1997 limits. Attach a computation showing how you figured the increase. If you can take a credit for your 1997 expenses, write "PYE" and the amount of the credit on the dotted line next to line 23. Enter the total amount of the credit on line 23. Also enter this amount on Form N-15, line 58.

# Worksheets

## Interest Worksheet

1. Enter the total interest on Form(s) 1099-INT and 1099-OID, and other interest received .....
2. Enter any U.S. Savings Bond interest that was excluded on line 14 of federal Form 8815 .....
3. Enter the total interest paid on out-of-state municipal bonds, including municipal bond mutual funds .....
4. Add lines 1, 2, and 3.....
5. Enter the interest on U.S. Savings Bonds and other federal obligations; Hawaii bond interest; and Guam, Puerto Rico, and Virgin Islands bond interest.....
6. Line 4 minus line 5. Enter the result on Form N-15, line 8, Column A.....

## Form N-15 – State Tax Refund Worksheet

1. Enter your State tax overpayment (line 66) from your 1997 return.....
2. Enter from your 1997 Form N-15 the following:
  - a. Food tax credit (line 55).....
  - b. Credit for low-income household renter (line 56) .....
  - c. Credit for child and dependent care expenses (line 57).....
  - d. Medical services excise tax credit (line 58) .....
  - e. Credit for child passenger restraint system(s) (line 59).....
3. Add lines 2a through 2e.....
4. Line 1 minus line 3. If zero or less, stop here; otherwise continue on to line 5 .....
5. Enter amount from your 1997 Form N-15, line 35 .....
6. Enter the amount shown below for the filing status you claimed on your 1997 Form N-15.....
 

Single—	\$1,500
Married filing jointly or qualifying widow(er)—	1,900
Married filing separately—	950
Head of household—	1,650
7. Line 5 minus line 6. Enter the result, but not less than zero.....
8. Compare the amounts on lines 4 and 7 above and enter the SMALLER of the two amounts here and on Form N-15, line 10, Columns A and B. This is the **taxable** part of your refund .....

## Form N-15 – Capital Gain/Loss Worksheet

1. Enter the net gain or (loss) from sales of capital assets held for one year or less .....
  2. Enter the short-term capital gain or (loss) reported to you on any Schedule(s) K-1 .....
  3. Enter the short-term capital gain or (loss) not included on lines 1 and 2, such as from federal Forms 4684, 6252, 6781, and 8824 .....
  4. Enter your short-term capital loss carryover from 1997....
  5. **Net short-term gain/(loss).** Combine lines 1 through 4..
  6. Enter the net gain or (loss) from sales of capital assets held for more than one year.....
  7. Enter the capital gain distributions reported to you on Form 1099-DIV.....
  8. Enter the long-term capital gain or (loss) reported to you on any Schedule(s) K-1.....
  9. Enter the long-term capital gain or (loss) not included on lines 6 to 8, such as from federal Forms 2439, 4684, 6252, 6781, and 8824; and Hawaii Schedule D-1 .....
  10. Enter your long-term capital loss carryover from 1997 .....
  11. **Net long-term gain/(loss).** Combine lines 6 through 10 .
  12. **Net capital gain/(loss).** Combine lines 5 and 11 .....
- If both lines 11 and 12 are gains,** enter the amount from line 12 on Form N-15, line 13, Column A. You may be able to use the *Tax on Capital Gains Worksheet* on page 34 to reduce your tax. Enter the amounts from lines 11 and 12 on the *Tax on Capital Gains Worksheet*, lines 4 and 7, respectively, on page 34.
- If line 12 is a (loss), continue with the rest of the worksheet below to figure what to enter on Form N-15 and how much of your loss you can carry over to next year.
13. Enter (\$3,000), or, if married filing separately, (\$1,500) ...
  14. Compare lines 12 and 13, and write the smaller loss here.  
Enter this amount on Form N-15, line 13, Column A .....

**You can now complete the rest of Form N-15. You can come back to this worksheet to figure the amount of capital loss you can carry over to next year.**

### Capital Loss Carryovers to 1999

15. Enter the amount from Form N-15, line 37. If the amount is negative, write it as a (loss) .....
16. Enter the amount on line 14 as a positive number.....
17. Combine lines 15 and 16. If this amount is zero or less, enter -0- .....
18. Enter the smaller of line 16 or line 17 .....
19. If you have a net short-term loss on line 5, enter that amount as a positive number here. Otherwise, enter -0- here and go to line 24.....
20. If you have a net long-term gain on line 11, enter that number here. Otherwise, enter -0- here .....
21. Enter the amount from line 18.....
22. Add lines 20 and 21 .....
23. Line 19 minus line 22. If zero or less, enter -0-. This is your **short-term capital loss carryover to 1999**.....
24. If you have a net long-term loss on line 11, enter that amount as a positive number here. Otherwise, **stop here**.....
25. If you have a net short-term gain on line 5, enter that number here. Otherwise, enter -0- here .....
26. Line 18 minus line 19. If zero or less, enter -0- .....
27. Add lines 25 and 26.....
28. Line 24 minus line 27. If zero or less, enter -0-. This is your **long-term capital loss carryover to 1999** .....



## Worksheets (continued)

### Itemized Deductions Worksheet

#### WORKSHEET A-1— Medical and Dental Expenses

1. Enter amount of medical and dental expenses (see page 19 of Instructions) .....
2. Enter adjusted gross income from Form N-15, line 33, Column A .....
3. Multiply line 2 by 7.5% (.075).....
4. Line 1 minus line 3. If zero or less, enter zero. Enter the result here and on Form N-15, line 35a .....

#### WORKSHEET A-2 – Taxes You Paid

5. State and local income taxes paid or withheld .....
6. Real estate taxes.....
7. Personal property taxes.....
8. Other taxes .....
9. Add lines 5 through 8. Enter the total here and on Form N-15, line 35b.....

#### WORKSHEET A-3 – Interest You Paid

- 10.Home mortgage interest and points reported to you on federal Form 1098 .....
- 11.Home mortgage interest not reported to you on federal Form 1098.....
- 12.Points not reported to you on Form 1098 (see federal instructions to Form 1040, Schedule A, line 12 for special rules) .....
- 13.Investment interest (attach Form N-158) .....
- 14.Add lines 10 through 13. Enter the total here and on Form N-15, line 35c.....

#### WORKSHEET A-4—Gifts to Charity

- 15.Enter amount of gifts by cash or check (if any gift of \$250 or more, see page 21 of Instructions) .....
- 16.Other than by cash or check (if any gift of \$250 or more, see page 21 of Instructions) (attach required statement if over \$500) .....
- 17.Carryover from prior year.....
- 18.Add lines 15 through 17. Enter total here and on Form N-15, line 35d.....

#### WORKSHEET A-5—Casualties and Thefts

- 19.Total casualty and theft loss(es) from Form 4684, line 16 (*not the same as Schedule A, line 19*) .....
- a Enter 10% of your **total** adjusted gross income (Form N-15, line 33, Column A) .....
- b Line 19 minus line a. If this line is zero or less, **stop here**. Otherwise, enter this amount on Form N-15, line 35e.....

#### WORKSHEET A-6—Miscellaneous Deductions

- 20.Unreimbursed employee business expenses—job travel, union dues, job education (attach federal Form 2106 if required) .....
- 21.Tax preparation fees.....
- 22.Other expenses (investment, safe deposit box, etc.) (list type and amount, and attach the list to your return) .....
- 23.Add lines 20 to 22.....
- 24.Enter adjusted gross income from Form N-15, line 33, Column A .....
- 25.Multiply line 24 by 2% (.02).....
- 26.Line 23 minus line 25. Enter the result, but not less than zero .....
- 27.Other deductions not subject to 2% AGI limit (see instructions on page 22) (list type and amount, and attach the list to your return) .....
- 28.Political contributions .....
- 29.Add lines 26, 27, and 28. Enter total here and on Form N-15, line 35f.....

### Form N-15 – Total Itemized Deductions Worksheet

1. Add the amounts on Form N-15, lines 35a through 35f... **1.** .....
2. Add the amounts on Form N-15, lines 35a and 35e, any gambling losses included on line 35f, and the amount of investment interest .....
3. Line 1 minus line 2 (If the result is zero or less, **STOP HERE**; enter the amount from line 1 above on Form N-15, line 36) .....
4. Multiply line 3 above by 80% (.80) .....
5. Enter the amount from Form N-15, line 33, Column A .....
6. Enter \$100,000 (\$50,000 if married filing separately) .....
7. Line 5 minus line 6. (If the result is zero or less, **STOP HERE**; enter the amount from line 1 above on Form N-15, line 36.) .....
8. Multiply line 7 by 3% (.03) .....
9. **Compare** the amounts on lines 4 and 8 above. Enter the **SMALLER** of the two amounts here .....
- 10.**Total itemized deductions.** Line 1 minus line 9. Enter the result here and on Form N-15, line 36 .....

## Worksheets (continued)

### Tax Computation Worksheet

- a** Enter the tax amounts calculated from the Tax Table, Tax Rate Schedule, Tax on Capital Gains Worksheet, Form N-168 and/or Form N-615.....
- b** Enter any additional tax from Form N-2, Distribution from an Individual Housing Account. See *Individual Housing Accounts* on page 16.....
- c** Enter any additional tax from Form N-103, Sale of Your Home .....
- d** Enter any additional tax from Form N-814, Parent's Election to Report Child's Interest and Dividends .....
- e** Add lines **a** through **d**. This is your tax on the amount on line 39. Enter the result here and on Form N-15, line 40 .....
- Note:** If you entered any amount in lines **b** through **d**, check the box before the words "Include separate tax..." on Form N-15, line 40. For more information, see the instructions for the forms listed.

### Tax on Capital Gains Worksheet

1. Enter your taxable income from Form N-15, line 39 .....
2. Enter your net long-term capital gain (Form 1040 or 1040PC, Schedule D, line 16).....
3. Combine your Hawaii long-term adjustments, if any, and enter the total here.....
4. Combine lines 2 and 3. This is your Hawaii net long-term capital gain.....
5. Enter your net capital gain (Form 1040 or 1040PC, Schedule D, line 17) .....
6. Combine your Hawaii short-term adjustments, if any, and enter the total here.....
7. Combine lines 3, 5, and 6. This is your Hawaii net capital gain .....
8. Enter the **smaller** of line 4 or line 7 .....
9. If you are filing Form N-158, enter the amount from line 4e of Form N-158 .....
10. Line 8 minus line 9.....  
If this amount is zero or less, **stop here**; you **cannot** use this worksheet to figure your tax.
11. Line 1 minus line 10.....
12. Enter the amount shown below for the filing status you claimed.....  

Single—	\$3,500
Married filing jointly	
or qualifying widow(er)—	7,000
Married filing separately—	3,500
Head of household—	5,500
13. Enter the **greater** of line 11 or line 12.....
14. Line 1 minus line 13. This is the amount of net capital gains eligible for alternative tax. Also enter this amount in the space provided beside Form N-15, line 40 .....
15. Compute the tax on the amount on line 13 using the Tax Table or Tax Rate Schedules, whichever applies .....
16. Multiply line 14 by 7.25% (.0725) and enter the result .....
17. Line 15 plus line 16. Enter the result here and on line **a** of the *Tax Computation Worksheet* above .....

### Other State and Foreign Tax Credit Worksheet

- Note:** This credit may **not** be claimed by nonresidents
1. Enter taxable income from Form N-15, line 39.....
  2. Enter amount of long-term capital gain from the space provided beside Form N-15, line 40.....
  3. Enter the amount of your out-of-state income, **including** capital gains. Do **not** include any income that is exempt in Hawaii such as employer-funded pensions .....
  4. Enter the amount of long-term capital gains from sources outside the State .....
  5. Enter the amount of tax you paid to **other States** on income you reported in Column B while you were a Hawaii resident, except for tax paid on income that is exempt in Hawaii.....
  6. Enter the amount of tax you paid to **foreign countries** or to U.S. possessions, except for tax paid on income that is exempt in Hawaii .....
  7. Enter the amount of the federal foreign tax credit you were allowed to take this year. Do not include amounts carried over to other years, or amounts from prior years that were carried forward to this year .....
  8. Line 6 minus line 7 .....
  9. Line 5 plus line 8. This is the total amount of out-of-state tax eligible for the credit.....
  10. Line 1 minus line 3. This is your Hawaii source income..
  11. Line 2 minus line 4. This is your Hawaii source long-term capital gain. If line 4 exceeds line 2, enter zero here .....
  12. Line 10 minus line 11. This is your Hawaii ordinary income .....
  13. Enter your tax amount from Form N-15, line 42 .....
  14. Figure the Hawaii tax on the amount on line 12. Use the Tax Table or Tax Rate Schedules .....
  15. Multiply the amount on line 11 by 7.25% (0.0725).....
  16. Add lines 14 and 15 .....
  17. Multiply line 16 by the ratio on Form N-15, line 41 .....
  18. Line 13 minus line 17 .....
  19. Compare lines 9 and 18. Enter the **smaller** amount here and on Form N-15, line 45. Any excess **cannot** be carried forward .....

## Worksheets (continued)

### Adoption Benefits Worksheet

**Caution:** See the federal instructions to Form 8839, Qualified Adoption Expenses, before completing this worksheet.

	Child 1	Child 2
1. Enter \$5,000 (\$6,000 for a child with special needs) . . . . .	_____	_____
2. Did you receive <b>employer-provided adoption benefits</b> for 1997? <b>No.</b> Enter -0- . . . . . <b>Yes.</b> See the federal instructions for the amount to enter. . . . .	_____	_____
3. Subtract line 2 from line 1. If zero or less, enter -0- . . . . .	_____	_____
4. Enter the total amount of your <b>employer-provided adoption benefits</b> received in 1998. This amount should be shown in box 13 of your 1998 W-2 form(s) with code "T" . . . . .	_____	_____
5. Add the amounts on line 4 . . . . .	_____	_____
6. Enter the <b>smaller</b> of line 3 or line 4. . . . .	_____	_____
7. Add the amounts on line 6. If zero, skip lines 8-12, enter -0- on line 13, and go to line 14 . . . . .	_____	_____
8. Enter your Hawaii modified adjusted gross income* . . . . .	_____	_____
9. If line 8 is \$75,000 or less, skip lines 9-11 and enter the amount from line 7 on line 12. If line 8 is over \$75,000, subtract \$75,000 from the amount on line 8. . . . .	_____	_____
10. Divide line 9 by \$40,000. Enter the result as a decimal (rounded to two places). Do not enter more than "1.00". . . . .	_____	_____
11. Multiply line 7 by line 10 . . . . .	_____	_____
12. Subtract line 11 from line 7 . . . . .	_____	_____
13. <b>Excluded benefits.</b> Enter the <b>smaller</b> of line 7 or line 12 . . . . .	_____	_____
14. <b>Taxable benefits.</b> Subtract line 13 from line 5. Also, include this amount on Form N-15, line 7, Column A. On the dotted line next to line 7, write "AB". . . . .	_____	_____

\***Hawaii modified adjusted gross income** is your total adjusted gross income (Form N-15, line 33, Column A) plus the amount of employer-provided adoption benefits from the *Adoption Benefits Worksheet*, line 5.

### Student Loan Interest Deduction Worksheet

**Caution:** If you are excluding employer-provided adoption benefits, see federal Publication 970 to figure the amount, if any, of your student loan interest deduction.

1. Enter the total interest you paid in 1998 on qualified student loans. Do not include  
interest that was required to be paid after the first 60 months. . . . . \_\_\_\_\_
2. Enter the smaller of line 1 or \$1,000. . . . . \_\_\_\_\_
3. Enter your Hawaii modified adjusted gross income\*\*. . . . . \_\_\_\_\_  
**Note:** If line 3 is \$55,000 or more if single, head of household, or qualifying widow(er) **OR**  
\$75,000 or more if married filing jointly, **stop here.** You **cannot** take the deduction.
4. Enter: \$40,000 if single, head of household, or qualifying widow(er);  
\$60,000 if married filing jointly. . . . . \_\_\_\_\_
5. Subtract line 4 from line 3. If zero or less, enter -0- here and on line 7, skip line 6, and  
go to line 8. . . . . \_\_\_\_\_
6. Divide line 5 by \$15,000. Enter the result as a decimal (rounded to at least three  
places). . . . . \_\_\_\_\_
7. Multiply line 2 by line 6. . . . . \_\_\_\_\_
8. **Student loan interest deduction.** Subtract line 7 from line 2. Enter the result here and on  
Form N-15, line 22, Column A. . . . . \_\_\_\_\_
9. Divide your Hawaii adjusted gross income by your total adjusted gross income from all  
sources. In this step, do not include any adjustments for the student loan interest deduction.  
Enter the result as a decimal (rounded to at least three places) . . . . . \_\_\_\_\_
10. Multiply line 8 by line 9. Enter the result here and on Form N-15, line 22, Column B. . . . . \_\_\_\_\_

\*\***Hawaii modified adjusted gross income** is your Hawaii adjusted gross income determined without regard to the amount of the student loan interest deduction.

**1998  
TAX TABLES  
AND  
TAX RATE SCHEDULES  
FOR INDIVIDUALS**

**Tax Tables Must Be Used By Persons With  
Taxable Income Of Less Than \$100,000**

# 1998 Hawaii Tax Table

Based on Taxable Income  
For persons with taxable  
incomes of less than  
\$100,000

**Example:** Mr. & Mrs. Brown are filing a joint return. Their taxable income on line 39 is \$23,270. First, they find the \$23,250 - 23,300 income line. Next, they find the column for married filing jointly and read down the column. The amount shown where the income line and filing status column meet is \$1,549. This is the tax amount they must write on line 40 of their return.

<b>Example:</b> Mr. & Mrs. Brown are filing a joint return. Their taxable income on line 39 is \$23,270. First, they find the \$23,250 - 23,300 income line. Next, they find the column for married filing jointly and read down the column. The amount shown where the income line and filing status column meet is \$1,549. This is the tax amount they must write on line 40 of their return.										At least  23,200 23,250 23,300		But less than  23,250 23,300 23,350		Single or Married filing separately  1,860 1,865 1,870		Married filing jointly *  1,545 1,549 1,553		Head of a household  1,695 1,700 1,705	
If line 39 (taxable income) is —		And you are —			If line 39 (taxable income) is —		And you are —			If line 39 (taxable income) is —		And you are —							
At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household	At least	But less than	Single or Married filing separately	Married filing jointly *	Head of a household					
		Your tax is —					Your tax is —					Your tax is —							
0	25	0	0	0	2,500	2,550	72	51	61	5,000									
25	50	1	1	1	2,550	2,600	75	52	63	5,000	5,050	241	142	195					
50	100	2	2	2	2,600	2,650	78	53	66	5,050	5,100	244	145	198					
100	150	3	3	3	2,650	2,700	81	54	68	5,100	5,150	248	148	201					
150	200	4	4	4	2,700	2,750	84	55	70	5,150	5,200	251	151	204					
200	250	5	5	5						5,200	5,250	255	154	207					
					2,750	2,800	87	56	72										
250	300	6	6	6	2,800	2,850	90	57	75	5,250	5,300	259	157	210					
300	350	7	7	7	2,850	2,900	93	58	77	5,300	5,350	262	160	213					
350	400	8	8	8	2,900	2,950	96	59	79	5,350	5,400	266	163	216					
400	450	9	9	9	2,950	3,000	99	60	81	5,400	5,450	270	166	219					
450	500	10	10	10	3,000					5,450	5,500	273	169	222					
					3,000	3,050	102	61	84	5,500	5,550	277	172	225					
500	550	11	11	11	3,050	3,100	105	63	86	5,550	5,600	281	175	228					
550	600	12	12	12	3,100	3,150	108	65	88	5,600	5,650	285	178	232					
600	650	13	13	13	3,150	3,200	111	67	90	5,650	5,700	289	181	236					
650	700	14	14	14	3,200	3,250	114	69	93	5,700	5,750	293	184	239					
700	750	15	15	15															
					3,250	3,300	117	71	95	5,750	5,800	297	187	243					
750	800	16	16	16	3,300	3,350	120	73	97	5,800	5,850	301	190	247					
800	850	17	17	17	3,350	3,400	123	75	99	5,850	5,900	305	193	250					
850	900	18	18	18	3,400	3,450	126	77	102	5,900	5,950	309	196	254					
900	950	19	19	19	3,450	3,500	129	79	104	5,950	6,000	313	199	257					
950	1,000	20	20	20	3,500					6,000									
1,000					3,500	3,550	132	81	106	6,000	6,050	317	202	261					
1,000	1,050	21	21	21	3,550	3,600	135	83	109	6,050	6,100	321	205	265					
1,050	1,100	22	22	22	3,600	3,650	139	85	112	6,100	6,150	325	208	268					
1,100	1,150	23	23	23	3,650	3,700	143	87	115	6,150	6,200	329	211	272					
1,150	1,200	24	24	24	3,700	3,750	146	89	118	6,200	6,250	333	214	276					
1,200	1,250	25	25	25															
					3,750	3,800	150	91	121	6,250	6,300	337	217	279					
1,250	1,300	26	26	26	3,800	3,850	154	93	124	6,300	6,350	341	220	283					
1,300	1,350	27	27	27	3,850	3,900	157	95	127	6,350	6,400	345	223	286					
1,350	1,400	28	28	28	3,900	3,950	161	97	130	6,400	6,450	349	226	290					
1,400	1,450	29	29	29	3,950	4,000	164	99	133	6,450	6,500	353	229	294					
1,450	1,500	30	30	30	4,000					6,500	6,550	357	232	297					
					4,000	4,050	168	101	136	6,550	6,600	361	235	301					
1,500	1,550	31	31	31	4,050	4,100	172	103	139	6,600	6,650	365	238	305					
1,550	1,600	33	32	32	4,100	4,150	175	105	142	6,650	6,700	369	241	308					
1,600	1,650	35	33	34	4,150	4,200	179	107	145	6,700	6,750	373	244	312					
1,650	1,700	37	34	35	4,200	4,250	183	109	148										
1,700	1,750	39	35	37						6,750	6,800	377	247	315					
					4,250	4,300	186	111	151	6,800	6,850	381	250	319					
1,750	1,800	41	36	38	4,300	4,350	190	113	154	6,850	6,900	385	253	323					
1,800	1,850	43	37	40	4,350	4,400	193	115	157	6,900	6,950	389	256	326					
1,850	1,900	45	38	41	4,400	4,450	197	117	160	6,950	7,000	393	259	330					
1,900	1,950	47	39	43	4,450	4,500	201	119	163										
1,950	2,000	49	40	44	4,500														
2,000					4,500	4,550	204	121	165										
2,000	2,050	51	41	46	4,550	4,600	208	123	168										
2,050	2,100	53	42	47	4,600	4,650	212	125	171										
2,100	2,150	55	43	49	4,650	4,700	215	127	174										
2,150	2,200	57	44	50	4,700	4,750	219	129	177										
2,200	2,250	59	45	52															
					4,750	4,800	222	131	180										
2,250	2,300	61	46	53	4,800	4,850	226	133	183										
2,300	2,350	63	47	55	4,850	4,900	230	135	186										
2,350	2,400	65	48	56	4,900	4,950	233	137	189										
2,400	2,450	67	49	58	4,950	5,000	237	139	192										
2,450	2,500	69	50	59															

\*This column must also be used by qualifying widow(er)

Continued on next page

# 1998 Hawaii Tax Table (Continued)

If line 39 (taxable income) is —		And you are —			If line 39 (taxable income) is —		And you are —			If line 39 (taxable income) is —		And you are —		
At least	But less than	Single or Married filing sepa- rately	Married filing jointly *	Head of a house- hold	At least	But less than	Single or Married filing sepa- rately	Married filing jointly *	Head of a house- hold	At least	But less than	Single or Married filing sepa- rately	Married filing jointly *	Head of a house- hold
Your tax is —					Your tax is —					Your tax is —				
<b>7,000</b>					<b>10,000</b>					<b>13,000</b>				
7,000	7,050	397	262	334	10,000	10,050	637	479	551	13,000	13,050	896	712	796
7,050	7,100	401	265	337	10,050	10,100	641	483	555	13,050	13,100	900	716	800
7,100	7,150	405	269	341	10,100	10,150	645	487	558	13,100	13,150	905	720	805
7,150	7,200	409	273	344	10,150	10,200	649	490	562	13,150	13,200	909	724	809
7,200	7,250	413	276	348	10,200	10,250	653	494	566	13,200	13,250	913	728	813
7,250	7,300	417	280	352	10,250	10,300	657	497	569	13,250	13,300	918	732	817
7,300	7,350	421	284	355	10,300	10,350	661	501	573	13,300	13,350	922	736	822
7,350	7,400	425	287	359	10,350	10,400	665	505	576	13,350	13,400	927	740	826
7,400	7,450	429	291	363	10,400	10,450	669	508	580	13,400	13,450	931	744	830
7,450	7,500	433	294	366	10,450	10,500	673	512	584	13,450	13,500	935	748	835
7,500	7,550	437	298	370	10,500	10,550	677	516	587	13,500	13,550	940	752	839
7,550	7,600	441	302	373	10,550	10,600	682	519	591	13,550	13,600	944	756	843
7,600	7,650	445	305	377	10,600	10,650	686	523	595	13,600	13,650	948	760	848
7,650	7,700	449	309	381	10,650	10,700	690	526	598	13,650	13,700	953	764	852
7,700	7,750	453	313	384	10,700	10,750	695	530	602	13,700	13,750	957	768	856
7,750	7,800	457	316	388	10,750	10,800	699	534	605	13,750	13,800	962	772	860
7,800	7,850	461	320	392	10,800	10,850	703	537	609	13,800	13,850	966	776	865
7,850	7,900	465	323	395	10,850	10,900	708	541	613	13,850	13,900	970	780	869
7,900	7,950	469	327	399	10,900	10,950	712	545	616	13,900	13,950	975	784	873
7,950	8,000	473	331	402	10,950	11,000	717	548	620	13,950	14,000	979	788	878
<b>8,000</b>					<b>11,000</b>					<b>14,000</b>				
8,000	8,050	477	334	406	11,000	11,050	721	552	624	14,000	14,050	983	792	882
8,050	8,100	481	338	410	11,050	11,100	725	556	628	14,050	14,100	988	796	886
8,100	8,150	485	342	413	11,100	11,150	730	560	633	14,100	14,150	992	800	891
8,150	8,200	489	345	417	11,150	11,200	734	564	637	14,150	14,200	997	804	895
8,200	8,250	493	349	421	11,200	11,250	738	568	641	14,200	14,250	1,001	808	899
8,250	8,300	497	352	424	11,250	11,300	743	572	645	14,250	14,300	1,005	812	903
8,300	8,350	501	356	428	11,300	11,350	747	576	650	14,300	14,350	1,010	816	908
8,350	8,400	505	360	431	11,350	11,400	752	580	654	14,350	14,400	1,014	820	912
8,400	8,450	509	363	435	11,400	11,450	756	584	658	14,400	14,450	1,018	824	916
8,450	8,500	513	367	439	11,450	11,500	760	588	663	14,450	14,500	1,023	828	921
8,500	8,550	517	371	442	11,500	11,550	765	592	667	14,500	14,550	1,027	832	925
8,550	8,600	521	374	446	11,550	11,600	769	596	671	14,550	14,600	1,032	836	929
8,600	8,650	525	378	450	11,600	11,650	773	600	676	14,600	14,650	1,036	840	934
8,650	8,700	529	381	453	11,650	11,700	778	604	680	14,650	14,700	1,040	844	938
8,700	8,750	533	385	457	11,700	11,750	782	608	684	14,700	14,750	1,045	848	942
8,750	8,800	537	389	460	11,750	11,800	787	612	688	14,750	14,800	1,049	852	946
8,800	8,850	541	392	464	11,800	11,850	791	616	693	14,800	14,850	1,053	856	951
8,850	8,900	545	396	468	11,850	11,900	795	620	697	14,850	14,900	1,058	860	955
8,900	8,950	549	400	471	11,900	11,950	800	624	701	14,900	14,950	1,062	864	959
8,950	9,000	553	403	475	11,950	12,000	804	628	706	14,950	15,000	1,067	868	964
<b>9,000</b>					<b>12,000</b>					<b>15,000</b>				
9,000	9,050	557	407	479	12,000	12,050	808	632	710	15,000	15,050	1,071	872	968
9,050	9,100	561	410	482	12,050	12,100	813	636	714	15,050	15,100	1,075	876	972
9,100	9,150	565	414	486	12,100	12,150	817	640	719	15,100	15,150	1,080	880	977
9,150	9,200	569	418	489	12,150	12,200	822	644	723	15,150	15,200	1,084	884	981
9,200	9,250	573	421	493	12,200	12,250	826	648	727	15,200	15,250	1,088	888	985
9,250	9,300	577	425	497	12,250	12,300	830	652	731	15,250	15,300	1,093	892	989
9,300	9,350	581	429	500	12,300	12,350	835	656	736	15,300	15,350	1,097	896	994
9,350	9,400	585	432	504	12,350	12,400	839	660	740	15,350	15,400	1,102	900	998
9,400	9,450	589	436	508	12,400	12,450	843	664	744	15,400	15,450	1,106	904	1,002
9,450	9,500	593	439	511	12,450	12,500	848	668	749	15,450	15,500	1,110	908	1,007
9,500	9,550	597	443	515	12,500	12,550	852	672	753	15,500	15,550	1,115	912	1,011
9,550	9,600	601	447	518	12,550	12,600	857	676	757	15,550	15,600	1,120	916	1,015
9,600	9,650	605	450	522	12,600	12,650	861	680	762	15,600	15,650	1,124	920	1,020
9,650	9,700	609	454	526	12,650	12,700	865	684	766	15,650	15,700	1,129	924	1,024
9,700	9,750	613	458	529	12,700	12,750	870	688	770	15,700	15,750	1,134	928	1,028
9,750	9,800	617	461	533	12,750	12,800	874	692	774	15,750	15,800	1,139	932	1,032
9,800	9,850	621	465	537	12,800	12,850	878	696	779	15,800	15,850	1,143	936	1,037
9,850	9,900	625	468	540	12,850	12,900	883	700	783	15,850	15,900	1,148	940	1,041
9,900	9,950	629	472	544	12,900	12,950	887	704	787	15,900	15,950	1,153	944	1,045
9,950	10,000	633	476	547	12,950	13,000	892	708	792	15,950	16,000	1,158	948	1,050

\*This column must also be used by qualifying widow(er)

Continued on next page

**1998 Hawaii Tax Table (Continued)**

If line 39 (taxable income) is —		And you are —			If line 39 (taxable income) is —		And you are —			If line 39 (taxable income) is —		And you are —		
At least	But less than	Single or Married filing sepa- rately	Married filing jointly *	Head of a house- hold	At least	But less than	Single or Married filing sepa- rately	Married filing jointly *	Head of a house- hold	At least	But less than	Single or Married filing sepa- rately	Married filing jointly *	Head of a house- hold
Your tax is —					Your tax is —					Your tax is —				
<b>16,000</b>					<b>19,000</b>					<b>22,000</b>				
16,000	16,050	1,162	952	1,054	19,000	19,050	1,447	1,192	1,312	22,000	22,050	1,740	1,440	1,580
16,050	16,100	1,167	956	1,058	19,050	19,100	1,452	1,196	1,316	22,050	22,100	1,745	1,444	1,585
16,100	16,150	1,172	960	1,063	19,100	19,150	1,457	1,200	1,321	22,100	22,150	1,750	1,448	1,590
16,150	16,200	1,177	964	1,067	19,150	19,200	1,462	1,204	1,325	22,150	22,200	1,755	1,453	1,595
16,200	16,250	1,181	968	1,071	19,200	19,250	1,466	1,208	1,329	22,200	22,250	1,760	1,457	1,599
16,250	16,300	1,186	972	1,075	19,250	19,300	1,471	1,212	1,333	22,250	22,300	1,765	1,462	1,604
16,300	16,350	1,191	976	1,080	19,300	19,350	1,476	1,216	1,338	22,300	22,350	1,770	1,466	1,609
16,350	16,400	1,196	980	1,084	19,350	19,400	1,481	1,220	1,342	22,350	22,400	1,775	1,470	1,614
16,400	16,450	1,200	984	1,088	19,400	19,450	1,485	1,224	1,346	22,400	22,450	1,780	1,475	1,619
16,450	16,500	1,205	988	1,093	19,450	19,500	1,490	1,228	1,351	22,450	22,500	1,785	1,479	1,623
16,500	16,550	1,210	992	1,097	19,500	19,550	1,495	1,232	1,355	22,500	22,550	1,790	1,483	1,628
16,550	16,600	1,215	996	1,101	19,550	19,600	1,500	1,236	1,359	22,550	22,600	1,795	1,488	1,633
16,600	16,650	1,219	1,000	1,106	19,600	19,650	1,504	1,240	1,364	22,600	22,650	1,800	1,492	1,638
16,650	16,700	1,224	1,004	1,110	19,650	19,700	1,509	1,244	1,368	22,650	22,700	1,805	1,497	1,643
16,700	16,750	1,229	1,008	1,114	19,700	19,750	1,514	1,248	1,372	22,700	22,750	1,810	1,501	1,647
16,750	16,800	1,234	1,012	1,118	19,750	19,800	1,519	1,252	1,376	22,750	22,800	1,815	1,505	1,652
16,800	16,850	1,238	1,016	1,123	19,800	19,850	1,523	1,256	1,381	22,800	22,850	1,820	1,510	1,657
16,850	16,900	1,243	1,020	1,127	19,850	19,900	1,528	1,260	1,385	22,850	22,900	1,825	1,514	1,662
16,900	16,950	1,248	1,024	1,131	19,900	19,950	1,533	1,264	1,389	22,900	22,950	1,830	1,518	1,667
16,950	17,000	1,253	1,028	1,136	19,950	20,000	1,538	1,268	1,394	22,950	23,000	1,835	1,523	1,671
<b>17,000</b>					<b>20,000</b>					<b>23,000</b>				
17,000	17,050	1,257	1,032	1,140	20,000	20,050	1,542	1,272	1,398	23,000	23,050	1,840	1,527	1,676
17,050	17,100	1,262	1,036	1,144	20,050	20,100	1,547	1,276	1,402	23,050	23,100	1,845	1,532	1,681
17,100	17,150	1,267	1,040	1,149	20,100	20,150	1,552	1,280	1,407	23,100	23,150	1,850	1,536	1,686
17,150	17,200	1,272	1,044	1,153	20,150	20,200	1,557	1,284	1,411	23,150	23,200	1,855	1,540	1,691
17,200	17,250	1,276	1,048	1,157	20,200	20,250	1,561	1,288	1,415	23,200	23,250	1,860	1,545	1,695
17,250	17,300	1,281	1,052	1,161	20,250	20,300	1,566	1,292	1,419	23,250	23,300	1,865	1,549	1,700
17,300	17,350	1,286	1,056	1,166	20,300	20,350	1,571	1,296	1,424	23,300	23,350	1,870	1,553	1,705
17,350	17,400	1,291	1,060	1,170	20,350	20,400	1,576	1,300	1,428	23,350	23,400	1,875	1,558	1,710
17,400	17,450	1,295	1,064	1,174	20,400	20,450	1,580	1,304	1,432	23,400	23,450	1,880	1,562	1,715
17,450	17,500	1,300	1,068	1,179	20,450	20,500	1,585	1,308	1,437	23,450	23,500	1,885	1,567	1,719
17,500	17,550	1,305	1,072	1,183	20,500	20,550	1,590	1,312	1,441	23,500	23,550	1,890	1,571	1,724
17,550	17,600	1,310	1,076	1,187	20,550	20,600	1,595	1,316	1,445	23,550	23,600	1,895	1,575	1,729
17,600	17,650	1,314	1,080	1,192	20,600	20,650	1,600	1,320	1,450	23,600	23,650	1,900	1,580	1,734
17,650	17,700	1,319	1,084	1,196	20,650	20,700	1,605	1,324	1,454	23,650	23,700	1,905	1,584	1,739
17,700	17,750	1,324	1,088	1,200	20,700	20,750	1,610	1,328	1,458	23,700	23,750	1,910	1,588	1,743
17,750	17,800	1,329	1,092	1,204	20,750	20,800	1,615	1,332	1,462	23,750	23,800	1,915	1,593	1,748
17,800	17,850	1,333	1,096	1,209	20,800	20,850	1,620	1,336	1,467	23,800	23,850	1,920	1,597	1,753
17,850	17,900	1,338	1,100	1,213	20,850	20,900	1,625	1,340	1,471	23,850	23,900	1,925	1,602	1,758
17,900	17,950	1,343	1,104	1,217	20,900	20,950	1,630	1,344	1,475	23,900	23,950	1,930	1,606	1,763
17,950	18,000	1,348	1,108	1,222	20,950	21,000	1,635	1,348	1,480	23,950	24,000	1,935	1,610	1,767
<b>18,000</b>					<b>21,000</b>					<b>24,000</b>				
18,000	18,050	1,352	1,112	1,226	21,000	21,050	1,640	1,352	1,484	24,000	24,050	1,940	1,615	1,772
18,050	18,100	1,357	1,116	1,230	21,050	21,100	1,645	1,357	1,489	24,050	24,100	1,945	1,619	1,777
18,100	18,150	1,362	1,120	1,235	21,100	21,150	1,650	1,361	1,494	24,100	24,150	1,950	1,623	1,782
18,150	18,200	1,367	1,124	1,239	21,150	21,200	1,655	1,365	1,499	24,150	24,200	1,955	1,628	1,787
18,200	18,250	1,371	1,128	1,243	21,200	21,250	1,660	1,370	1,503	24,200	24,250	1,960	1,632	1,791
18,250	18,300	1,376	1,132	1,247	21,250	21,300	1,665	1,374	1,508	24,250	24,300	1,965	1,637	1,796
18,300	18,350	1,381	1,136	1,252	21,300	21,350	1,670	1,378	1,513	24,300	24,350	1,970	1,641	1,801
18,350	18,400	1,386	1,140	1,256	21,350	21,400	1,675	1,383	1,518	24,350	24,400	1,975	1,645	1,806
18,400	18,450	1,390	1,144	1,260	21,400	21,450	1,680	1,387	1,523	24,400	24,450	1,980	1,650	1,811
18,450	18,500	1,395	1,148	1,265	21,450	21,500	1,685	1,392	1,527	24,450	24,500	1,985	1,654	1,815
18,500	18,550	1,400	1,152	1,269	21,500	21,550	1,690	1,396	1,532	24,500	24,550	1,990	1,658	1,820
18,550	18,600	1,405	1,156	1,273	21,550	21,600	1,695	1,400	1,537	24,550	24,600	1,995	1,663	1,825
18,600	18,650	1,409	1,160	1,278	21,600	21,650	1,700	1,405	1,542	24,600	24,650	2,000	1,667	1,830
18,650	18,700	1,414	1,164	1,282	21,650	21,700	1,705	1,409	1,547	24,650	24,700	2,005	1,672	1,835
18,700	18,750	1,419	1,168	1,286	21,700	21,750	1,710	1,413	1,551	24,700	24,750	2,010	1,676	1,839
18,750	18,800	1,424	1,172	1,290	21,750	21,800	1,715	1,418	1,556	24,750	24,800	2,015	1,680	1,844
18,800	18,850	1,428	1,176	1,295	21,800	21,850	1,720	1,422	1,561	24,800	24,850	2,020	1,685	1,849
18,850	18,900	1,433	1,180	1,299	21,850	21,900	1,725	1,427	1,566	24,850	24,900	2,025	1,689	1,854
18,900	18,950	1,438	1,184	1,303	21,900	21,950	1,730	1,431	1,571	24,900	24,950	2,030	1,693	1,859
18,950	19,000	1,443	1,188	1,308	21,950	22,000	1,735	1,435	1,575	24,950	25,000	2,035	1,698	1,863

\*This column must also be used by qualifying widow(er)

Continued on next page

# 1998 Hawaii Tax Table (Continued)

If line 39 (taxable income) is —		And you are —			If line 39 (taxable income) is —		And you are —			If line 39 (taxable income) is —		And you are —		
At least	But less than	Single or Married filing sepa- rately	Married filing jointly *	Head of a house- hold	At least	But less than	Single or Married filing sepa- rately	Married filing jointly *	Head of a house- hold	At least	But less than	Single or Married filing sepa- rately	Married filing jointly *	Head of a house- hold
Your tax is —					Your tax is —					Your tax is —				
<b>25,000</b>					<b>28,000</b>					<b>31,000</b>				
25,000	25,050	2,040	1,702	1,868	28,000	28,050	2,340	1,965	2,156	31,000	31,050	2,640	2,227	2,444
25,050	25,100	2,045	1,707	1,873	28,050	28,100	2,345	1,969	2,161	31,050	31,100	2,645	2,232	2,449
25,100	25,150	2,050	1,711	1,878	28,100	28,150	2,350	1,973	2,166	31,100	31,150	2,650	2,237	2,454
25,150	25,200	2,055	1,715	1,883	28,150	28,200	2,355	1,978	2,171	31,150	31,200	2,655	2,242	2,459
25,200	25,250	2,060	1,720	1,887	28,200	28,250	2,360	1,982	2,175	31,200	31,250	2,660	2,246	2,463
25,250	25,300	2,065	1,724	1,892	28,250	28,300	2,365	1,987	2,180	31,250	31,300	2,665	2,251	2,468
25,300	25,350	2,070	1,728	1,897	28,300	28,350	2,370	1,991	2,185	31,300	31,350	2,670	2,256	2,473
25,350	25,400	2,075	1,733	1,902	28,350	28,400	2,375	1,995	2,190	31,350	31,400	2,675	2,261	2,478
25,400	25,450	2,080	1,737	1,907	28,400	28,450	2,380	2,000	2,195	31,400	31,450	2,680	2,265	2,483
25,450	25,500	2,085	1,742	1,911	28,450	28,500	2,385	2,004	2,199	31,450	31,500	2,685	2,270	2,487
25,500	25,550	2,090	1,746	1,916	28,500	28,550	2,390	2,008	2,204	31,500	31,550	2,690	2,275	2,492
25,550	25,600	2,095	1,750	1,921	28,550	28,600	2,395	2,013	2,209	31,550	31,600	2,695	2,280	2,497
25,600	25,650	2,100	1,755	1,926	28,600	28,650	2,400	2,017	2,214	31,600	31,650	2,700	2,284	2,502
25,650	25,700	2,105	1,759	1,931	28,650	28,700	2,405	2,022	2,219	31,650	31,700	2,705	2,289	2,507
25,700	25,750	2,110	1,763	1,935	28,700	28,750	2,410	2,026	2,223	31,700	31,750	2,710	2,294	2,511
25,750	25,800	2,115	1,768	1,940	28,750	28,800	2,415	2,030	2,228	31,750	31,800	2,715	2,299	2,516
25,800	25,850	2,120	1,772	1,945	28,800	28,850	2,420	2,035	2,233	31,800	31,850	2,720	2,303	2,521
25,850	25,900	2,125	1,777	1,950	28,850	28,900	2,425	2,039	2,238	31,850	31,900	2,725	2,308	2,526
25,900	25,950	2,130	1,781	1,955	28,900	28,950	2,430	2,043	2,243	31,900	31,950	2,730	2,313	2,531
25,950	26,000	2,135	1,785	1,959	28,950	29,000	2,435	2,048	2,247	31,950	32,000	2,735	2,318	2,535
<b>26,000</b>					<b>29,000</b>					<b>32,000</b>				
26,000	26,050	2,140	1,790	1,964	29,000	29,050	2,440	2,052	2,252	32,000	32,050	2,740	2,322	2,540
26,050	26,100	2,145	1,794	1,969	29,050	29,100	2,445	2,057	2,257	32,050	32,100	2,745	2,327	2,545
26,100	26,150	2,150	1,798	1,974	29,100	29,150	2,450	2,061	2,262	32,100	32,150	2,750	2,332	2,550
26,150	26,200	2,155	1,803	1,979	29,150	29,200	2,455	2,065	2,267	32,150	32,200	2,755	2,337	2,555
26,200	26,250	2,160	1,807	1,983	29,200	29,250	2,460	2,070	2,271	32,200	32,250	2,760	2,341	2,559
26,250	26,300	2,165	1,812	1,988	29,250	29,300	2,465	2,074	2,276	32,250	32,300	2,765	2,346	2,564
26,300	26,350	2,170	1,816	1,993	29,300	29,350	2,470	2,078	2,281	32,300	32,350	2,770	2,351	2,569
26,350	26,400	2,175	1,820	1,998	29,350	29,400	2,475	2,083	2,286	32,350	32,400	2,775	2,356	2,574
26,400	26,450	2,180	1,825	2,003	29,400	29,450	2,480	2,087	2,291	32,400	32,450	2,780	2,360	2,579
26,450	26,500	2,185	1,829	2,007	29,450	29,500	2,485	2,092	2,295	32,450	32,500	2,785	2,365	2,583
26,500	26,550	2,190	1,833	2,012	29,500	29,550	2,490	2,096	2,300	32,500	32,550	2,790	2,370	2,588
26,550	26,600	2,195	1,838	2,017	29,550	29,600	2,495	2,100	2,305	32,550	32,600	2,795	2,375	2,593
26,600	26,650	2,200	1,842	2,022	29,600	29,650	2,500	2,105	2,310	32,600	32,650	2,800	2,379	2,598
26,650	26,700	2,205	1,847	2,027	29,650	29,700	2,505	2,109	2,315	32,650	32,700	2,805	2,384	2,603
26,700	26,750	2,210	1,851	2,031	29,700	29,750	2,510	2,113	2,319	32,700	32,750	2,810	2,389	2,607
26,750	26,800	2,215	1,855	2,036	29,750	29,800	2,515	2,118	2,324	32,750	32,800	2,815	2,394	2,612
26,800	26,850	2,220	1,860	2,041	29,800	29,850	2,520	2,122	2,329	32,800	32,850	2,820	2,398	2,617
26,850	26,900	2,225	1,864	2,046	29,850	29,900	2,525	2,127	2,334	32,850	32,900	2,825	2,403	2,622
26,900	26,950	2,230	1,868	2,051	29,900	29,950	2,530	2,131	2,339	32,900	32,950	2,830	2,408	2,627
26,950	27,000	2,235	1,873	2,055	29,950	30,000	2,535	2,135	2,343	32,950	33,000	2,835	2,413	2,631
<b>27,000</b>					<b>30,000</b>					<b>33,000</b>				
27,000	27,050	2,240	1,877	2,060	30,000	30,050	2,540	2,140	2,348	33,000	33,050	2,840	2,417	2,636
27,050	27,100	2,245	1,882	2,065	30,050	30,100	2,545	2,144	2,353	33,050	33,100	2,845	2,422	2,641
27,100	27,150	2,250	1,886	2,070	30,100	30,150	2,550	2,148	2,358	33,100	33,150	2,850	2,427	2,646
27,150	27,200	2,255	1,890	2,075	30,150	30,200	2,555	2,153	2,363	33,150	33,200	2,855	2,432	2,651
27,200	27,250	2,260	1,895	2,079	30,200	30,250	2,560	2,157	2,367	33,200	33,250	2,860	2,436	2,655
27,250	27,300	2,265	1,899	2,084	30,250	30,300	2,565	2,162	2,372	33,250	33,300	2,865	2,441	2,660
27,300	27,350	2,270	1,903	2,089	30,300	30,350	2,570	2,166	2,377	33,300	33,350	2,870	2,446	2,665
27,350	27,400	2,275	1,908	2,094	30,350	30,400	2,575	2,170	2,382	33,350	33,400	2,875	2,451	2,670
27,400	27,450	2,280	1,912	2,099	30,400	30,450	2,580	2,175	2,387	33,400	33,450	2,880	2,455	2,675
27,450	27,500	2,285	1,917	2,103	30,450	30,500	2,585	2,179	2,391	33,450	33,500	2,885	2,460	2,679
27,500	27,550	2,290	1,921	2,108	30,500	30,550	2,590	2,183	2,396	33,500	33,550	2,890	2,465	2,684
27,550	27,600	2,295	1,925	2,113	30,550	30,600	2,595	2,188	2,401	33,550	33,600	2,895	2,470	2,689
27,600	27,650	2,300	1,930	2,118	30,600	30,650	2,600	2,192	2,406	33,600	33,650	2,900	2,474	2,694
27,650	27,700	2,305	1,934	2,123	30,650	30,700	2,605	2,197	2,411	33,650	33,700	2,905	2,479	2,699
27,700	27,750	2,310	1,938	2,127	30,700	30,750	2,610	2,201	2,415	33,700	33,750	2,910	2,484	2,703
27,750	27,800	2,315	1,943	2,132	30,750	30,800	2,615	2,205	2,420	33,750	33,800	2,915	2,489	2,708
27,800	27,850	2,320	1,947	2,137	30,800	30,850	2,620	2,210	2,425	33,800	33,850	2,920	2,493	2,713
27,850	27,900	2,325	1,952	2,142	30,850	30,900	2,625	2,214	2,430	33,850	33,900	2,925	2,498	2,718
27,900	27,950	2,330	1,956	2,147	30,900	30,950	2,630	2,218	2,435	33,900	33,950	2,930	2,503	2,723
27,950	28,000	2,335	1,960	2,151	30,950	31,000	2,635	2,223	2,439	33,950	34,000	2,935	2,508	2,727

\*This column must also be used by qualifying widow(er)

Continued on next page



**1998 Hawaii Tax Table (Continued)**

If line 39 (taxable income) is —		And you are —			If line 39 (taxable income) is —		And you are —			If line 39 (taxable income) is —		And you are —		
At least	But less than	Single or Married filing sepa- rately	Married filing jointly *	Head of a house- hold	At least	But less than	Single or Married filing sepa- rately	Married filing jointly *	Head of a house- hold	At least	But less than	Single or Married filing sepa- rately	Married filing jointly *	Head of a house- hold
Your tax is —					Your tax is —					Your tax is —				
<b>34,000</b>					<b>37,000</b>					<b>40,000</b>				
34,000	34,050	2,940	2,512	2,732	37,000	37,050	3,240	2,797	3,020	40,000	40,050	3,540	3,082	3,308
34,050	34,100	2,945	2,517	2,737	37,050	37,100	3,245	2,802	3,025	40,050	40,100	3,545	3,087	3,313
34,100	34,150	2,950	2,522	2,742	37,100	37,150	3,250	2,807	3,030	40,100	40,150	3,550	3,092	3,318
34,150	34,200	2,955	2,527	2,747	37,150	37,200	3,255	2,812	3,035	40,150	40,200	3,555	3,097	3,323
34,200	34,250	2,960	2,531	2,751	37,200	37,250	3,260	2,816	3,039	40,200	40,250	3,560	3,101	3,327
34,250	34,300	2,965	2,536	2,756	37,250	37,300	3,265	2,821	3,044	40,250	40,300	3,565	3,106	3,332
34,300	34,350	2,970	2,541	2,761	37,300	37,350	3,270	2,826	3,049	40,300	40,350	3,570	3,111	3,337
34,350	34,400	2,975	2,546	2,766	37,350	37,400	3,275	2,831	3,054	40,350	40,400	3,575	3,116	3,342
34,400	34,450	2,980	2,550	2,771	37,400	37,450	3,280	2,835	3,059	40,400	40,450	3,580	3,120	3,347
34,450	34,500	2,985	2,555	2,775	37,450	37,500	3,285	2,840	3,063	40,450	40,500	3,585	3,125	3,351
34,500	34,550	2,990	2,560	2,780	37,500	37,550	3,290	2,845	3,068	40,500	40,550	3,590	3,130	3,356
34,550	34,600	2,995	2,565	2,785	37,550	37,600	3,295	2,850	3,073	40,550	40,600	3,595	3,135	3,361
34,600	34,650	3,000	2,569	2,790	37,600	37,650	3,300	2,854	3,078	40,600	40,650	3,600	3,139	3,366
34,650	34,700	3,005	2,574	2,795	37,650	37,700	3,305	2,859	3,083	40,650	40,700	3,605	3,144	3,371
34,700	34,750	3,010	2,579	2,799	37,700	37,750	3,310	2,864	3,087	40,700	40,750	3,610	3,149	3,375
34,750	34,800	3,015	2,584	2,804	37,750	37,800	3,315	2,869	3,092	40,750	40,800	3,615	3,154	3,380
34,800	34,850	3,020	2,588	2,809	37,800	37,850	3,320	2,873	3,097	40,800	40,850	3,620	3,158	3,385
34,850	34,900	3,025	2,593	2,814	37,850	37,900	3,325	2,878	3,102	40,850	40,900	3,625	3,163	3,390
34,900	34,950	3,030	2,598	2,819	37,900	37,950	3,330	2,883	3,107	40,900	40,950	3,630	3,168	3,395
34,950	35,000	3,035	2,603	2,823	37,950	38,000	3,335	2,888	3,111	40,950	41,000	3,635	3,173	3,399
<b>35,000</b>					<b>38,000</b>					<b>41,000</b>				
35,000	35,050	3,040	2,607	2,828	38,000	38,050	3,340	2,892	3,116	41,000	41,050	3,640	3,178	3,404
35,050	35,100	3,045	2,612	2,833	38,050	38,100	3,345	2,897	3,121	41,050	41,100	3,645	3,183	3,409
35,100	35,150	3,050	2,617	2,838	38,100	38,150	3,350	2,902	3,126	41,100	41,150	3,650	3,188	3,414
35,150	35,200	3,055	2,622	2,843	38,150	38,200	3,355	2,907	3,131	41,150	41,200	3,655	3,193	3,419
35,200	35,250	3,060	2,626	2,847	38,200	38,250	3,360	2,911	3,135	41,200	41,250	3,660	3,198	3,424
35,250	35,300	3,065	2,631	2,852	38,250	38,300	3,365	2,916	3,140	41,250	41,300	3,665	3,203	3,429
35,300	35,350	3,070	2,636	2,857	38,300	38,350	3,370	2,921	3,145	41,300	41,350	3,670	3,208	3,434
35,350	35,400	3,075	2,641	2,862	38,350	38,400	3,375	2,926	3,150	41,350	41,400	3,675	3,213	3,439
35,400	35,450	3,080	2,645	2,867	38,400	38,450	3,380	2,930	3,155	41,400	41,450	3,680	3,218	3,444
35,450	35,500	3,085	2,650	2,871	38,450	38,500	3,385	2,935	3,159	41,450	41,500	3,685	3,223	3,449
35,500	35,550	3,090	2,655	2,876	38,500	38,550	3,390	2,940	3,164	41,500	41,550	3,690	3,228	3,454
35,550	35,600	3,095	2,660	2,881	38,550	38,600	3,395	2,945	3,169	41,550	41,600	3,695	3,233	3,459
35,600	35,650	3,100	2,664	2,886	38,600	38,650	3,400	2,949	3,174	41,600	41,650	3,700	3,238	3,464
35,650	35,700	3,105	2,669	2,891	38,650	38,700	3,405	2,954	3,179	41,650	41,700	3,705	3,243	3,469
35,700	35,750	3,110	2,674	2,895	38,700	38,750	3,410	2,959	3,183	41,700	41,750	3,710	3,248	3,474
35,750	35,800	3,115	2,679	2,900	38,750	38,800	3,415	2,964	3,188	41,750	41,800	3,715	3,253	3,479
35,800	35,850	3,120	2,683	2,905	38,800	38,850	3,420	2,968	3,193	41,800	41,850	3,720	3,258	3,484
35,850	35,900	3,125	2,688	2,910	38,850	38,900	3,425	2,973	3,198	41,850	41,900	3,725	3,263	3,489
35,900	35,950	3,130	2,693	2,915	38,900	38,950	3,430	2,978	3,203	41,900	41,950	3,730	3,268	3,494
35,950	36,000	3,135	2,698	2,919	38,950	39,000	3,435	2,983	3,207	41,950	42,000	3,735	3,273	3,499
<b>36,000</b>					<b>39,000</b>					<b>42,000</b>				
36,000	36,050	3,140	2,702	2,924	39,000	39,050	3,440	2,987	3,212	42,000	42,050	3,740	3,278	3,504
36,050	36,100	3,145	2,707	2,929	39,050	39,100	3,445	2,992	3,217	42,050	42,100	3,745	3,283	3,509
36,100	36,150	3,150	2,712	2,934	39,100	39,150	3,450	2,997	3,222	42,100	42,150	3,750	3,288	3,514
36,150	36,200	3,155	2,717	2,939	39,150	39,200	3,455	3,002	3,227	42,150	42,200	3,755	3,293	3,519
36,200	36,250	3,160	2,721	2,943	39,200	39,250	3,460	3,006	3,231	42,200	42,250	3,760	3,298	3,524
36,250	36,300	3,165	2,726	2,948	39,250	39,300	3,465	3,011	3,236	42,250	42,300	3,765	3,303	3,529
36,300	36,350	3,170	2,731	2,953	39,300	39,350	3,470	3,016	3,241	42,300	42,350	3,770	3,308	3,534
36,350	36,400	3,175	2,736	2,958	39,350	39,400	3,475	3,021	3,246	42,350	42,400	3,775	3,313	3,539
36,400	36,450	3,180	2,740	2,963	39,400	39,450	3,480	3,025	3,251	42,400	42,450	3,780	3,318	3,544
36,450	36,500	3,185	2,745	2,967	39,450	39,500	3,485	3,030	3,255	42,450	42,500	3,785	3,323	3,549
36,500	36,550	3,190	2,750	2,972	39,500	39,550	3,490	3,035	3,260	42,500	42,550	3,790	3,328	3,554
36,550	36,600	3,195	2,755	2,977	39,550	39,600	3,495	3,040	3,265	42,550	42,600	3,795	3,333	3,559
36,600	36,650	3,200	2,759	2,982	39,600	39,650	3,500	3,044	3,270	42,600	42,650	3,800	3,338	3,564
36,650	36,700	3,205	2,764	2,987	39,650	39,700	3,505	3,049	3,275	42,650	42,700	3,805	3,343	3,569
36,700	36,750	3,210	2,769	2,991	39,700	39,750	3,510	3,054	3,279	42,700	42,750	3,810	3,348	3,574
36,750	36,800	3,215	2,774	2,996	39,750	39,800	3,515	3,059	3,284	42,750	42,800	3,815	3,353	3,579
36,800	36,850	3,220	2,778	3,001	39,800	39,850	3,520	3,063	3,289	42,800	42,850	3,820	3,358	3,584
36,850	36,900	3,225	2,783	3,006	39,850	39,900	3,525	3,068	3,294	42,850	42,900	3,825	3,363	3,589
36,900	36,950	3,230	2,788	3,011	39,900	39,950	3,530	3,073	3,299	42,900	42,950	3,830	3,368	3,594
36,950	37,000	3,235	2,793	3,015	39,950	40,000	3,535	3,078	3,303	42,950	43,000	3,835	3,373	3,599

\*This column must also be used by qualifying widow(er)

Continued on next page

# 1998 Hawaii Tax Table (Continued)

If line 39 (taxable income) is —		And you are —			If line 39 (taxable income) is —		And you are —			If line 39 (taxable income) is —		And you are —		
At least	But less than	Single or Married filing sepa- rately	Married filing jointly *	Head of a house- hold	At least	But less than	Single or Married filing sepa- rately	Married filing jointly *	Head of a house- hold	At least	But less than	Single or Married filing sepa- rately	Married filing jointly *	Head of a house- hold
Your tax is —					Your tax is —					Your tax is —				
<b>43,000</b>					<b>46,000</b>					<b>49,000</b>				
43,000	43,050	3,840	3,378	3,604	46,000	46,050	4,140	3,678	3,904	49,000	49,050	4,440	3,978	4,204
43,050	43,100	3,845	3,383	3,609	46,050	46,100	4,145	3,683	3,909	49,050	49,100	4,445	3,983	4,209
43,100	43,150	3,850	3,388	3,614	46,100	46,150	4,150	3,688	3,914	49,100	49,150	4,450	3,988	4,214
43,150	43,200	3,855	3,393	3,619	46,150	46,200	4,155	3,693	3,919	49,150	49,200	4,455	3,993	4,219
43,200	43,250	3,860	3,398	3,624	46,200	46,250	4,160	3,698	3,924	49,200	49,250	4,460	3,998	4,224
43,250	43,300	3,865	3,403	3,629	46,250	46,300	4,165	3,703	3,929	49,250	49,300	4,465	4,003	4,229
43,300	43,350	3,870	3,408	3,634	46,300	46,350	4,170	3,708	3,934	49,300	49,350	4,470	4,008	4,234
43,350	43,400	3,875	3,413	3,639	46,350	46,400	4,175	3,713	3,939	49,350	49,400	4,475	4,013	4,239
43,400	43,450	3,880	3,418	3,644	46,400	46,450	4,180	3,718	3,944	49,400	49,450	4,480	4,018	4,244
43,450	43,500	3,885	3,423	3,649	46,450	46,500	4,185	3,723	3,949	49,450	49,500	4,485	4,023	4,249
43,500	43,550	3,890	3,428	3,654	46,500	46,550	4,190	3,728	3,954	49,500	49,550	4,490	4,028	4,254
43,550	43,600	3,895	3,433	3,659	46,550	46,600	4,195	3,733	3,959	49,550	49,600	4,495	4,033	4,259
43,600	43,650	3,900	3,438	3,664	46,600	46,650	4,200	3,738	3,964	49,600	49,650	4,500	4,038	4,264
43,650	43,700	3,905	3,443	3,669	46,650	46,700	4,205	3,743	3,969	49,650	49,700	4,505	4,043	4,269
43,700	43,750	3,910	3,448	3,674	46,700	46,750	4,210	3,748	3,974	49,700	49,750	4,510	4,048	4,274
43,750	43,800	3,915	3,453	3,679	46,750	46,800	4,215	3,753	3,979	49,750	49,800	4,515	4,053	4,279
43,800	43,850	3,920	3,458	3,684	46,800	46,850	4,220	3,758	3,984	49,800	49,850	4,520	4,058	4,284
43,850	43,900	3,925	3,463	3,689	46,850	46,900	4,225	3,763	3,989	49,850	49,900	4,525	4,063	4,289
43,900	43,950	3,930	3,468	3,694	46,900	46,950	4,230	3,768	3,994	49,900	49,950	4,530	4,068	4,294
43,950	44,000	3,935	3,473	3,699	46,950	47,000	4,235	3,773	3,999	49,950	50,000	4,535	4,073	4,299
<b>44,000</b>					<b>47,000</b>					<b>50,000</b>				
44,000	44,050	3,940	3,478	3,704	47,000	47,050	4,240	3,778	4,004	50,000	50,050	4,540	4,078	4,304
44,050	44,100	3,945	3,483	3,709	47,050	47,100	4,245	3,783	4,009	50,050	50,100	4,545	4,083	4,309
44,100	44,150	3,950	3,488	3,714	47,100	47,150	4,250	3,788	4,014	50,100	50,150	4,550	4,088	4,314
44,150	44,200	3,955	3,493	3,719	47,150	47,200	4,255	3,793	4,019	50,150	50,200	4,555	4,093	4,319
44,200	44,250	3,960	3,498	3,724	47,200	47,250	4,260	3,798	4,024	50,200	50,250	4,560	4,098	4,324
44,250	44,300	3,965	3,503	3,729	47,250	47,300	4,265	3,803	4,029	50,250	50,300	4,565	4,103	4,329
44,300	44,350	3,970	3,508	3,734	47,300	47,350	4,270	3,808	4,034	50,300	50,350	4,570	4,108	4,334
44,350	44,400	3,975	3,513	3,739	47,350	47,400	4,275	3,813	4,039	50,350	50,400	4,575	4,113	4,339
44,400	44,450	3,980	3,518	3,744	47,400	47,450	4,280	3,818	4,044	50,400	50,450	4,580	4,118	4,344
44,450	44,500	3,985	3,523	3,749	47,450	47,500	4,285	3,823	4,049	50,450	50,500	4,585	4,123	4,349
44,500	44,550	3,990	3,528	3,754	47,500	47,550	4,290	3,828	4,054	50,500	50,550	4,590	4,128	4,354
44,550	44,600	3,995	3,533	3,759	47,550	47,600	4,295	3,833	4,059	50,550	50,600	4,595	4,133	4,359
44,600	44,650	4,000	3,538	3,764	47,600	47,650	4,300	3,838	4,064	50,600	50,650	4,600	4,138	4,364
44,650	44,700	4,005	3,543	3,769	47,650	47,700	4,305	3,843	4,069	50,650	50,700	4,605	4,143	4,369
44,700	44,750	4,010	3,548	3,774	47,700	47,750	4,310	3,848	4,074	50,700	50,750	4,610	4,148	4,374
44,750	44,800	4,015	3,553	3,779	47,750	47,800	4,315	3,853	4,079	50,750	50,800	4,615	4,153	4,379
44,800	44,850	4,020	3,558	3,784	47,800	47,850	4,320	3,858	4,084	50,800	50,850	4,620	4,158	4,384
44,850	44,900	4,025	3,563	3,789	47,850	47,900	4,325	3,863	4,089	50,850	50,900	4,625	4,163	4,389
44,900	44,950	4,030	3,568	3,794	47,900	47,950	4,330	3,868	4,094	50,900	50,950	4,630	4,168	4,394
44,950	45,000	4,035	3,573	3,799	47,950	48,000	4,335	3,873	4,099	50,950	51,000	4,635	4,173	4,399
<b>45,000</b>					<b>48,000</b>					<b>51,000</b>				
45,000	45,050	4,040	3,578	3,804	48,000	48,050	4,340	3,878	4,104	51,000	51,050	4,640	4,178	4,404
45,050	45,100	4,045	3,583	3,809	48,050	48,100	4,345	3,883	4,109	51,050	51,100	4,645	4,183	4,409
45,100	45,150	4,050	3,588	3,814	48,100	48,150	4,350	3,888	4,114	51,100	51,150	4,650	4,188	4,414
45,150	45,200	4,055	3,593	3,819	48,150	48,200	4,355	3,893	4,119	51,150	51,200	4,655	4,193	4,419
45,200	45,250	4,060	3,598	3,824	48,200	48,250	4,360	3,898	4,124	51,200	51,250	4,660	4,198	4,424
45,250	45,300	4,065	3,603	3,829	48,250	48,300	4,365	3,903	4,129	51,250	51,300	4,665	4,203	4,429
45,300	45,350	4,070	3,608	3,834	48,300	48,350	4,370	3,908	4,134	51,300	51,350	4,670	4,208	4,434
45,350	45,400	4,075	3,613	3,839	48,350	48,400	4,375	3,913	4,139	51,350	51,400	4,675	4,213	4,439
45,400	45,450	4,080	3,618	3,844	48,400	48,450	4,380	3,918	4,144	51,400	51,450	4,680	4,218	4,444
45,450	45,500	4,085	3,623	3,849	48,450	48,500	4,385	3,923	4,149	51,450	51,500	4,685	4,223	4,449
45,500	45,550	4,090	3,628	3,854	48,500	48,550	4,390	3,928	4,154	51,500	51,550	4,690	4,228	4,454
45,550	45,600	4,095	3,633	3,859	48,550	48,600	4,395	3,933	4,159	51,550	51,600	4,695	4,233	4,459
45,600	45,650	4,100	3,638	3,864	48,600	48,650	4,400	3,938	4,164	51,600	51,650	4,700	4,238	4,464
45,650	45,700	4,105	3,643	3,869	48,650	48,700	4,405	3,943	4,169	51,650	51,700	4,705	4,243	4,469
45,700	45,750	4,110	3,648	3,874	48,700	48,750	4,410	3,948	4,174	51,700	51,750	4,710	4,248	4,474
45,750	45,800	4,115	3,653	3,879	48,750	48,800	4,415	3,953	4,179	51,750	51,800	4,715	4,253	4,479
45,800	45,850	4,120	3,658	3,884	48,800	48,850	4,420	3,958	4,184	51,800	51,850	4,720	4,258	4,484
45,850	45,900	4,125	3,663	3,889	48,850	48,900	4,425	3,963	4,189	51,850	51,900	4,725	4,263	4,489
45,900	45,950	4,130	3,668	3,894	48,900	48,950	4,430	3,968	4,194	51,900	51,950	4,730	4,268	4,494
45,950	46,000	4,135	3,673	3,899	48,950	49,000	4,435	3,973	4,199	51,950	52,000	4,735	4,273	4,499

\*This column must also be used by qualifying widow(er)

Continued on next page

1998 Hawaii Tax Table (Continued)

If line 39 (taxable income) is —		And you are —			If line 39 (taxable income) is —		And you are —			If line 39 (taxable income) is —		And you are —		
At least	But less than	Single or Married filing sepa- rately	Married filing jointly *	Head of a house- hold	At least	But less than	Single or Married filing sepa- rately	Married filing jointly *	Head of a house- hold	At least	But less than	Single or Married filing sepa- rately	Married filing jointly *	Head of a house- hold
Your tax is —					Your tax is —					Your tax is —				
<b>52,000</b>					<b>55,000</b>					<b>58,000</b>				
52,000	52,050	4,740	4,278	4,504	55,000	55,050	5,040	4,578	4,804	58,000	58,050	5,340	4,878	5,104
52,050	52,100	4,745	4,283	4,509	55,050	55,100	5,045	4,583	4,809	58,050	58,100	5,345	4,883	5,109
52,100	52,150	4,750	4,288	4,514	55,100	55,150	5,050	4,588	4,814	58,100	58,150	5,350	4,888	5,114
52,150	52,200	4,755	4,293	4,519	55,150	55,200	5,055	4,593	4,819	58,150	58,200	5,355	4,893	5,119
52,200	52,250	4,760	4,298	4,524	55,200	55,250	5,060	4,598	4,824	58,200	58,250	5,360	4,898	5,124
52,250	52,300	4,765	4,303	4,529	55,250	55,300	5,065	4,603	4,829	58,250	58,300	5,365	4,903	5,129
52,300	52,350	4,770	4,308	4,534	55,300	55,350	5,070	4,608	4,834	58,300	58,350	5,370	4,908	5,134
52,350	52,400	4,775	4,313	4,539	55,350	55,400	5,075	4,613	4,839	58,350	58,400	5,375	4,913	5,139
52,400	52,450	4,780	4,318	4,544	55,400	55,450	5,080	4,618	4,844	58,400	58,450	5,380	4,918	5,144
52,450	52,500	4,785	4,323	4,549	55,450	55,500	5,085	4,623	4,849	58,450	58,500	5,385	4,923	5,149
52,500	52,550	4,790	4,328	4,554	55,500	55,550	5,090	4,628	4,854	58,500	58,550	5,390	4,928	5,154
52,550	52,600	4,795	4,333	4,559	55,550	55,600	5,095	4,633	4,859	58,550	58,600	5,395	4,933	5,159
52,600	52,650	4,800	4,338	4,564	55,600	55,650	5,100	4,638	4,864	58,600	58,650	5,400	4,938	5,164
52,650	52,700	4,805	4,343	4,569	55,650	55,700	5,105	4,643	4,869	58,650	58,700	5,405	4,943	5,169
52,700	52,750	4,810	4,348	4,574	55,700	55,750	5,110	4,648	4,874	58,700	58,750	5,410	4,948	5,174
52,750	52,800	4,815	4,353	4,579	55,750	55,800	5,115	4,653	4,879	58,750	58,800	5,415	4,953	5,179
52,800	52,850	4,820	4,358	4,584	55,800	55,850	5,120	4,658	4,884	58,800	58,850	5,420	4,958	5,184
52,850	52,900	4,825	4,363	4,589	55,850	55,900	5,125	4,663	4,889	58,850	58,900	5,425	4,963	5,189
52,900	52,950	4,830	4,368	4,594	55,900	55,950	5,130	4,668	4,894	58,900	58,950	5,430	4,968	5,194
52,950	53,000	4,835	4,373	4,599	55,950	56,000	5,135	4,673	4,899	58,950	59,000	5,435	4,973	5,199
<b>53,000</b>					<b>56,000</b>					<b>59,000</b>				
53,000	53,050	4,840	4,378	4,604	56,000	56,050	5,140	4,678	4,904	59,000	59,050	5,440	4,978	5,204
53,050	53,100	4,845	4,383	4,609	56,050	56,100	5,145	4,683	4,909	59,050	59,100	5,445	4,983	5,209
53,100	53,150	4,850	4,388	4,614	56,100	56,150	5,150	4,688	4,914	59,100	59,150	5,450	4,988	5,214
53,150	53,200	4,855	4,393	4,619	56,150	56,200	5,155	4,693	4,919	59,150	59,200	5,455	4,993	5,219
53,200	53,250	4,860	4,398	4,624	56,200	56,250	5,160	4,698	4,924	59,200	59,250	5,460	4,998	5,224
53,250	53,300	4,865	4,403	4,629	56,250	56,300	5,165	4,703	4,929	59,250	59,300	5,465	5,003	5,229
53,300	53,350	4,870	4,408	4,634	56,300	56,350	5,170	4,708	4,934	59,300	59,350	5,470	5,008	5,234
53,350	53,400	4,875	4,413	4,639	56,350	56,400	5,175	4,713	4,939	59,350	59,400	5,475	5,013	5,239
53,400	53,450	4,880	4,418	4,644	56,400	56,450	5,180	4,718	4,944	59,400	59,450	5,480	5,018	5,244
53,450	53,500	4,885	4,423	4,649	56,450	56,500	5,185	4,723	4,949	59,450	59,500	5,485	5,023	5,249
53,500	53,550	4,890	4,428	4,654	56,500	56,550	5,190	4,728	4,954	59,500	59,550	5,490	5,028	5,254
53,550	53,600	4,895	4,433	4,659	56,550	56,600	5,195	4,733	4,959	59,550	59,600	5,495	5,033	5,259
53,600	53,650	4,900	4,438	4,664	56,600	56,650	5,200	4,738	4,964	59,600	59,650	5,500	5,038	5,264
53,650	53,700	4,905	4,443	4,669	56,650	56,700	5,205	4,743	4,969	59,650	59,700	5,505	5,043	5,269
53,700	53,750	4,910	4,448	4,674	56,700	56,750	5,210	4,748	4,974	59,700	59,750	5,510	5,048	5,274
53,750	53,800	4,915	4,453	4,679	56,750	56,800	5,215	4,753	4,979	59,750	59,800	5,515	5,053	5,279
53,800	53,850	4,920	4,458	4,684	56,800	56,850	5,220	4,758	4,984	59,800	59,850	5,520	5,058	5,284
53,850	53,900	4,925	4,463	4,689	56,850	56,900	5,225	4,763	4,989	59,850	59,900	5,525	5,063	5,289
53,900	53,950	4,930	4,468	4,694	56,900	56,950	5,230	4,768	4,994	59,900	59,950	5,530	5,068	5,294
53,950	54,000	4,935	4,473	4,699	56,950	57,000	5,235	4,773	4,999	59,950	60,000	5,535	5,073	5,299
<b>54,000</b>					<b>57,000</b>					<b>60,000</b>				
54,000	54,050	4,940	4,478	4,704	57,000	57,050	5,240	4,778	5,004	60,000	60,050	5,540	5,078	5,304
54,050	54,100	4,945	4,483	4,709	57,050	57,100	5,245	4,783	5,009	60,050	60,100	5,545	5,083	5,309
54,100	54,150	4,950	4,488	4,714	57,100	57,150	5,250	4,788	5,014	60,100	60,150	5,550	5,088	5,314
54,150	54,200	4,955	4,493	4,719	57,150	57,200	5,255	4,793	5,019	60,150	60,200	5,555	5,093	5,319
54,200	54,250	4,960	4,498	4,724	57,200	57,250	5,260	4,798	5,024	60,200	60,250	5,560	5,098	5,324
54,250	54,300	4,965	4,503	4,729	57,250	57,300	5,265	4,803	5,029	60,250	60,300	5,565	5,103	5,329
54,300	54,350	4,970	4,508	4,734	57,300	57,350	5,270	4,808	5,034	60,300	60,350	5,570	5,108	5,334
54,350	54,400	4,975	4,513	4,739	57,350	57,400	5,275	4,813	5,039	60,350	60,400	5,575	5,113	5,339
54,400	54,450	4,980	4,518	4,744	57,400	57,450	5,280	4,818	5,044	60,400	60,450	5,580	5,118	5,344
54,450	54,500	4,985	4,523	4,749	57,450	57,500	5,285	4,823	5,049	60,450	60,500	5,585	5,123	5,349
54,500	54,550	4,990	4,528	4,754	57,500	57,550	5,290	4,828	5,054	60,500	60,550	5,590	5,128	5,354
54,550	54,600	4,995	4,533	4,759	57,550	57,600	5,295	4,833	5,059	60,550	60,600	5,595	5,133	5,359
54,600	54,650	5,000	4,538	4,764	57,600	57,650	5,300	4,838	5,064	60,600	60,650	5,600	5,138	5,364
54,650	54,700	5,005	4,543	4,769	57,650	57,700	5,305	4,843	5,069	60,650	60,700	5,605	5,143	5,369
54,700	54,750	5,010	4,548	4,774	57,700	57,750	5,310	4,848	5,074	60,700	60,750	5,610	5,148	5,374
54,750	54,800	5,015	4,553	4,779	57,750	57,800	5,315	4,853	5,079	60,750	60,800	5,615	5,153	5,379
54,800	54,850	5,020	4,558	4,784	57,800	57,850	5,320	4,858	5,084	60,800	60,850	5,620	5,158	5,384
54,850	54,900	5,025	4,563	4,789	57,850	57,900	5,325	4,863	5,089	60,850	60,900	5,625	5,163	5,389
54,900	54,950	5,030	4,568	4,794	57,900	57,950	5,330	4,868	5,094	60,900	60,950	5,630	5,168	5,394
54,950	55,000	5,035	4,573	4,799	57,950	58,000	5,335	4,873	5,099	60,950	61,000	5,635	5,173	5,399

\*This column must also be used by qualifying widow(er)

Continued on next page

# 1998 Hawaii Tax Table (Continued)

If line 39 (taxable income) is —		And you are —			If line 39 (taxable income) is —		And you are —			If line 39 (taxable income) is —		And you are —		
At least	But less than	Single or Married filing sepa- rately	Married filing jointly *	Head of a house- hold	At least	But less than	Single or Married filing sepa- rately	Married filing jointly *	Head of a house- hold	At least	But less than	Single or Married filing sepa- rately	Married filing jointly *	Head of a house- hold
Your tax is —					Your tax is —					Your tax is —				
<b>61,000</b>					<b>64,000</b>					<b>67,000</b>				
61,000	61,050	5,640	5,178	5,404	64,000	64,050	5,940	5,478	5,704	67,000	67,050	6,240	5,778	6,004
61,050	61,100	5,645	5,183	5,409	64,050	64,100	5,945	5,483	5,709	67,050	67,100	6,245	5,783	6,009
61,100	61,150	5,650	5,188	5,414	64,100	64,150	5,950	5,488	5,714	67,100	67,150	6,250	5,788	6,014
61,150	61,200	5,655	5,193	5,419	64,150	64,200	5,955	5,493	5,719	67,150	67,200	6,255	5,793	6,019
61,200	61,250	5,660	5,198	5,424	64,200	64,250	5,960	5,498	5,724	67,200	67,250	6,260	5,798	6,024
61,250	61,300	5,665	5,203	5,429	64,250	64,300	5,965	5,503	5,729	67,250	67,300	6,265	5,803	6,029
61,300	61,350	5,670	5,208	5,434	64,300	64,350	5,970	5,508	5,734	67,300	67,350	6,270	5,808	6,034
61,350	61,400	5,675	5,213	5,439	64,350	64,400	5,975	5,513	5,739	67,350	67,400	6,275	5,813	6,039
61,400	61,450	5,680	5,218	5,444	64,400	64,450	5,980	5,518	5,744	67,400	67,450	6,280	5,818	6,044
61,450	61,500	5,685	5,223	5,449	64,450	64,500	5,985	5,523	5,749	67,450	67,500	6,285	5,823	6,049
61,500	61,550	5,690	5,228	5,454	64,500	64,550	5,990	5,528	5,754	67,500	67,550	6,290	5,828	6,054
61,550	61,600	5,695	5,233	5,459	64,550	64,600	5,995	5,533	5,759	67,550	67,600	6,295	5,833	6,059
61,600	61,650	5,700	5,238	5,464	64,600	64,650	6,000	5,538	5,764	67,600	67,650	6,300	5,838	6,064
61,650	61,700	5,705	5,243	5,469	64,650	64,700	6,005	5,543	5,769	67,650	67,700	6,305	5,843	6,069
61,700	61,750	5,710	5,248	5,474	64,700	64,750	6,010	5,548	5,774	67,700	67,750	6,310	5,848	6,074
61,750	61,800	5,715	5,253	5,479	64,750	64,800	6,015	5,553	5,779	67,750	67,800	6,315	5,853	6,079
61,800	61,850	5,720	5,258	5,484	64,800	64,850	6,020	5,558	5,784	67,800	67,850	6,320	5,858	6,084
61,850	61,900	5,725	5,263	5,489	64,850	64,900	6,025	5,563	5,789	67,850	67,900	6,325	5,863	6,089
61,900	61,950	5,730	5,268	5,494	64,900	64,950	6,030	5,568	5,794	67,900	67,950	6,330	5,868	6,094
61,950	62,000	5,735	5,273	5,499	64,950	65,000	6,035	5,573	5,799	67,950	68,000	6,335	5,873	6,099
<b>62,000</b>					<b>65,000</b>					<b>68,000</b>				
62,000	62,050	5,740	5,278	5,504	65,000	65,050	6,040	5,578	5,804	68,000	68,050	6,340	5,878	6,104
62,050	62,100	5,745	5,283	5,509	65,050	65,100	6,045	5,583	5,809	68,050	68,100	6,345	5,883	6,109
62,100	62,150	5,750	5,288	5,514	65,100	65,150	6,050	5,588	5,814	68,100	68,150	6,350	5,888	6,114
62,150	62,200	5,755	5,293	5,519	65,150	65,200	6,055	5,593	5,819	68,150	68,200	6,355	5,893	6,119
62,200	62,250	5,760	5,298	5,524	65,200	65,250	6,060	5,598	5,824	68,200	68,250	6,360	5,898	6,124
62,250	62,300	5,765	5,303	5,529	65,250	65,300	6,065	5,603	5,829	68,250	68,300	6,365	5,903	6,129
62,300	62,350	5,770	5,308	5,534	65,300	65,350	6,070	5,608	5,834	68,300	68,350	6,370	5,908	6,134
62,350	62,400	5,775	5,313	5,539	65,350	65,400	6,075	5,613	5,839	68,350	68,400	6,375	5,913	6,139
62,400	62,450	5,780	5,318	5,544	65,400	65,450	6,080	5,618	5,844	68,400	68,450	6,380	5,918	6,144
62,450	62,500	5,785	5,323	5,549	65,450	65,500	6,085	5,623	5,849	68,450	68,500	6,385	5,923	6,149
62,500	62,550	5,790	5,328	5,554	65,500	65,550	6,090	5,628	5,854	68,500	68,550	6,390	5,928	6,154
62,550	62,600	5,795	5,333	5,559	65,550	65,600	6,095	5,633	5,859	68,550	68,600	6,395	5,933	6,159
62,600	62,650	5,800	5,338	5,564	65,600	65,650	6,100	5,638	5,864	68,600	68,650	6,400	5,938	6,164
62,650	62,700	5,805	5,343	5,569	65,650	65,700	6,105	5,643	5,869	68,650	68,700	6,405	5,943	6,169
62,700	62,750	5,810	5,348	5,574	65,700	65,750	6,110	5,648	5,874	68,700	68,750	6,410	5,948	6,174
62,750	62,800	5,815	5,353	5,579	65,750	65,800	6,115	5,653	5,879	68,750	68,800	6,415	5,953	6,179
62,800	62,850	5,820	5,358	5,584	65,800	65,850	6,120	5,658	5,884	68,800	68,850	6,420	5,958	6,184
62,850	62,900	5,825	5,363	5,589	65,850	65,900	6,125	5,663	5,889	68,850	68,900	6,425	5,963	6,189
62,900	62,950	5,830	5,368	5,594	65,900	65,950	6,130	5,668	5,894	68,900	68,950	6,430	5,968	6,194
62,950	63,000	5,835	5,373	5,599	65,950	66,000	6,135	5,673	5,899	68,950	69,000	6,435	5,973	6,199
<b>63,000</b>					<b>66,000</b>					<b>69,000</b>				
63,000	63,050	5,840	5,378	5,604	66,000	66,050	6,140	5,678	5,904	69,000	69,050	6,440	5,978	6,204
63,050	63,100	5,845	5,383	5,609	66,050	66,100	6,145	5,683	5,909	69,050	69,100	6,445	5,983	6,209
63,100	63,150	5,850	5,388	5,614	66,100	66,150	6,150	5,688	5,914	69,100	69,150	6,450	5,988	6,214
63,150	63,200	5,855	5,393	5,619	66,150	66,200	6,155	5,693	5,919	69,150	69,200	6,455	5,993	6,219
63,200	63,250	5,860	5,398	5,624	66,200	66,250	6,160	5,698	5,924	69,200	69,250	6,460	5,998	6,224
63,250	63,300	5,865	5,403	5,629	66,250	66,300	6,165	5,703	5,929	69,250	69,300	6,465	6,003	6,229
63,300	63,350	5,870	5,408	5,634	66,300	66,350	6,170	5,708	5,934	69,300	69,350	6,470	6,008	6,234
63,350	63,400	5,875	5,413	5,639	66,350	66,400	6,175	5,713	5,939	69,350	69,400	6,475	6,013	6,239
63,400	63,450	5,880	5,418	5,644	66,400	66,450	6,180	5,718	5,944	69,400	69,450	6,480	6,018	6,244
63,450	63,500	5,885	5,423	5,649	66,450	66,500	6,185	5,723	5,949	69,450	69,500	6,485	6,023	6,249
63,500	63,550	5,890	5,428	5,654	66,500	66,550	6,190	5,728	5,954	69,500	69,550	6,490	6,028	6,254
63,550	63,600	5,895	5,433	5,659	66,550	66,600	6,195	5,733	5,959	69,550	69,600	6,495	6,033	6,259
63,600	63,650	5,900	5,438	5,664	66,600	66,650	6,200	5,738	5,964	69,600	69,650	6,500	6,038	6,264
63,650	63,700	5,905	5,443	5,669	66,650	66,700	6,205	5,743	5,969	69,650	69,700	6,505	6,043	6,269
63,700	63,750	5,910	5,448	5,674	66,700	66,750	6,210	5,748	5,974	69,700	69,750	6,510	6,048	6,274
63,750	63,800	5,915	5,453	5,679	66,750	66,800	6,215	5,753	5,979	69,750	69,800	6,515	6,053	6,279
63,800	63,850	5,920	5,458	5,684	66,800	66,850	6,220	5,758	5,984	69,800	69,850	6,520	6,058	6,284
63,850	63,900	5,925	5,463	5,689	66,850	66,900	6,225	5,763	5,989	69,850	69,900	6,525	6,063	6,289
63,900	63,950	5,930	5,468	5,694	66,900	66,950	6,230	5,768	5,994	69,900	69,950	6,530	6,068	6,294
63,950	64,000	5,935	5,473	5,699	66,950	67,000	6,235	5,773	5,999	69,950	70,000	6,535	6,073	6,299

\*This column must also be used by qualifying widow(er)

Continued on next page

**1998 Hawaii Tax Table (Continued)**

If line 39 (taxable income) is —		And you are —			If line 39 (taxable income) is —		And you are —			If line 39 (taxable income) is —		And you are —		
At least	But less than	Single or Married filing sepa- rately	Married filing jointly *	Head of a house- hold	At least	But less than	Single or Married filing sepa- rately	Married filing jointly *	Head of a house- hold	At least	But less than	Single or Married filing sepa- rately	Married filing jointly *	Head of a house- hold
Your tax is —					Your tax is —					Your tax is —				
<b>70,000</b>					<b>73,000</b>					<b>76,000</b>				
70,000	70,050	6,540	6,078	6,304	73,000	73,050	6,840	6,378	6,604	76,000	76,050	7,140	6,678	6,904
70,050	70,100	6,545	6,083	6,309	73,050	73,100	6,845	6,383	6,609	76,050	76,100	7,145	6,683	6,909
70,100	70,150	6,550	6,088	6,314	73,100	73,150	6,850	6,388	6,614	76,100	76,150	7,150	6,688	6,914
70,150	70,200	6,555	6,093	6,319	73,150	73,200	6,855	6,393	6,619	76,150	76,200	7,155	6,693	6,919
70,200	70,250	6,560	6,098	6,324	73,200	73,250	6,860	6,398	6,624	76,200	76,250	7,160	6,698	6,924
70,250	70,300	6,565	6,103	6,329	73,250	73,300	6,865	6,403	6,629	76,250	76,300	7,165	6,703	6,929
70,300	70,350	6,570	6,108	6,334	73,300	73,350	6,870	6,408	6,634	76,300	76,350	7,170	6,708	6,934
70,350	70,400	6,575	6,113	6,339	73,350	73,400	6,875	6,413	6,639	76,350	76,400	7,175	6,713	6,939
70,400	70,450	6,580	6,118	6,344	73,400	73,450	6,880	6,418	6,644	76,400	76,450	7,180	6,718	6,944
70,450	70,500	6,585	6,123	6,349	73,450	73,500	6,885	6,423	6,649	76,450	76,500	7,185	6,723	6,949
70,500	70,550	6,590	6,128	6,354	73,500	73,550	6,890	6,428	6,654	76,500	76,550	7,190	6,728	6,954
70,550	70,600	6,595	6,133	6,359	73,550	73,600	6,895	6,433	6,659	76,550	76,600	7,195	6,733	6,959
70,600	70,650	6,600	6,138	6,364	73,600	73,650	6,900	6,438	6,664	76,600	76,650	7,200	6,738	6,964
70,650	70,700	6,605	6,143	6,369	73,650	73,700	6,905	6,443	6,669	76,650	76,700	7,205	6,743	6,969
70,700	70,750	6,610	6,148	6,374	73,700	73,750	6,910	6,448	6,674	76,700	76,750	7,210	6,748	6,974
70,750	70,800	6,615	6,153	6,379	73,750	73,800	6,915	6,453	6,679	76,750	76,800	7,215	6,753	6,979
70,800	70,850	6,620	6,158	6,384	73,800	73,850	6,920	6,458	6,684	76,800	76,850	7,220	6,758	6,984
70,850	70,900	6,625	6,163	6,389	73,850	73,900	6,925	6,463	6,689	76,850	76,900	7,225	6,763	6,989
70,900	70,950	6,630	6,168	6,394	73,900	73,950	6,930	6,468	6,694	76,900	76,950	7,230	6,768	6,994
70,950	71,000	6,635	6,173	6,399	73,950	74,000	6,935	6,473	6,699	76,950	77,000	7,235	6,773	6,999
<b>71,000</b>					<b>74,000</b>					<b>77,000</b>				
71,000	71,050	6,640	6,178	6,404	74,000	74,050	6,940	6,478	6,704	77,000	77,050	7,240	6,778	7,004
71,050	71,100	6,645	6,183	6,409	74,050	74,100	6,945	6,483	6,709	77,050	77,100	7,245	6,783	7,009
71,100	71,150	6,650	6,188	6,414	74,100	74,150	6,950	6,488	6,714	77,100	77,150	7,250	6,788	7,014
71,150	71,200	6,655	6,193	6,419	74,150	74,200	6,955	6,493	6,719	77,150	77,200	7,255	6,793	7,019
71,200	71,250	6,660	6,198	6,424	74,200	74,250	6,960	6,498	6,724	77,200	77,250	7,260	6,798	7,024
71,250	71,300	6,665	6,203	6,429	74,250	74,300	6,965	6,503	6,729	77,250	77,300	7,265	6,803	7,029
71,300	71,350	6,670	6,208	6,434	74,300	74,350	6,970	6,508	6,734	77,300	77,350	7,270	6,808	7,034
71,350	71,400	6,675	6,213	6,439	74,350	74,400	6,975	6,513	6,739	77,350	77,400	7,275	6,813	7,039
71,400	71,450	6,680	6,218	6,444	74,400	74,450	6,980	6,518	6,744	77,400	77,450	7,280	6,818	7,044
71,450	71,500	6,685	6,223	6,449	74,450	74,500	6,985	6,523	6,749	77,450	77,500	7,285	6,823	7,049
71,500	71,550	6,690	6,228	6,454	74,500	74,550	6,990	6,528	6,754	77,500	77,550	7,290	6,828	7,054
71,550	71,600	6,695	6,233	6,459	74,550	74,600	6,995	6,533	6,759	77,550	77,600	7,295	6,833	7,059
71,600	71,650	6,700	6,238	6,464	74,600	74,650	7,000	6,538	6,764	77,600	77,650	7,300	6,838	7,064
71,650	71,700	6,705	6,243	6,469	74,650	74,700	7,005	6,543	6,769	77,650	77,700	7,305	6,843	7,069
71,700	71,750	6,710	6,248	6,474	74,700	74,750	7,010	6,548	6,774	77,700	77,750	7,310	6,848	7,074
71,750	71,800	6,715	6,253	6,479	74,750	74,800	7,015	6,553	6,779	77,750	77,800	7,315	6,853	7,079
71,800	71,850	6,720	6,258	6,484	74,800	74,850	7,020	6,558	6,784	77,800	77,850	7,320	6,858	7,084
71,850	71,900	6,725	6,263	6,489	74,850	74,900	7,025	6,563	6,789	77,850	77,900	7,325	6,863	7,089
71,900	71,950	6,730	6,268	6,494	74,900	74,950	7,030	6,568	6,794	77,900	77,950	7,330	6,868	7,094
71,950	72,000	6,735	6,273	6,499	74,950	75,000	7,035	6,573	6,799	77,950	78,000	7,335	6,873	7,099
<b>72,000</b>					<b>75,000</b>					<b>78,000</b>				
72,000	72,050	6,740	6,278	6,504	75,000	75,050	7,040	6,578	6,804	78,000	78,050	7,340	6,878	7,104
72,050	72,100	6,745	6,283	6,509	75,050	75,100	7,045	6,583	6,809	78,050	78,100	7,345	6,883	7,109
72,100	72,150	6,750	6,288	6,514	75,100	75,150	7,050	6,588	6,814	78,100	78,150	7,350	6,888	7,114
72,150	72,200	6,755	6,293	6,519	75,150	75,200	7,055	6,593	6,819	78,150	78,200	7,355	6,893	7,119
72,200	72,250	6,760	6,298	6,524	75,200	75,250	7,060	6,598	6,824	78,200	78,250	7,360	6,898	7,124
72,250	72,300	6,765	6,303	6,529	75,250	75,300	7,065	6,603	6,829	78,250	78,300	7,365	6,903	7,129
72,300	72,350	6,770	6,308	6,534	75,300	75,350	7,070	6,608	6,834	78,300	78,350	7,370	6,908	7,134
72,350	72,400	6,775	6,313	6,539	75,350	75,400	7,075	6,613	6,839	78,350	78,400	7,375	6,913	7,139
72,400	72,450	6,780	6,318	6,544	75,400	75,450	7,080	6,618	6,844	78,400	78,450	7,380	6,918	7,144
72,450	72,500	6,785	6,323	6,549	75,450	75,500	7,085	6,623	6,849	78,450	78,500	7,385	6,923	7,149
72,500	72,550	6,790	6,328	6,554	75,500	75,550	7,090	6,628	6,854	78,500	78,550	7,390	6,928	7,154
72,550	72,600	6,795	6,333	6,559	75,550	75,600	7,095	6,633	6,859	78,550	78,600	7,395	6,933	7,159
72,600	72,650	6,800	6,338	6,564	75,600	75,650	7,100	6,638	6,864	78,600	78,650	7,400	6,938	7,164
72,650	72,700	6,805	6,343	6,569	75,650	75,700	7,105	6,643	6,869	78,650	78,700	7,405	6,943	7,169
72,700	72,750	6,810	6,348	6,574	75,700	75,750	7,110	6,648	6,874	78,700	78,750	7,410	6,948	7,174
72,750	72,800	6,815	6,353	6,579	75,750	75,800	7,115	6,653	6,879	78,750	78,800	7,415	6,953	7,179
72,800	72,850	6,820	6,358	6,584	75,800	75,850	7,120	6,658	6,884	78,800	78,850	7,420	6,958	7,184
72,850	72,900	6,825	6,363	6,589	75,850	75,900	7,125	6,663	6,889	78,850	78,900	7,425	6,963	7,189
72,900	72,950	6,830	6,368	6,594	75,900	75,950	7,130	6,668	6,894	78,900	78,950	7,430	6,968	7,194
72,950	73,000	6,835	6,373	6,599	75,950	76,000	7,135	6,673	6,899	78,950	79,000	7,435	6,973	7,199

\*This column must also be used by qualifying widow(er)

Continued on next page

# 1998 Hawaii Tax Table (Continued)

If line 39 (taxable income) is —		And you are —			If line 39 (taxable income) is —		And you are —			If line 39 (taxable income) is —		And you are —		
At least	But less than	Single or Married filing sepa- rately	Married filing jointly *	Head of a house- hold	At least	But less than	Single or Married filing sepa- rately	Married filing jointly *	Head of a house- hold	At least	But less than	Single or Married filing sepa- rately	Married filing jointly *	Head of a house- hold
Your tax is —					Your tax is —					Your tax is —				
<b>79,000</b>					<b>82,000</b>					<b>85,000</b>				
79,000	79,050	7,440	6,978	7,204	82,000	82,050	7,740	7,278	7,504	85,000	85,050	8,040	7,578	7,804
79,050	79,100	7,445	6,983	7,209	82,050	82,100	7,745	7,283	7,509	85,050	85,100	8,045	7,583	7,809
79,100	79,150	7,450	6,988	7,214	82,100	82,150	7,750	7,288	7,514	85,100	85,150	8,050	7,588	7,814
79,150	79,200	7,455	6,993	7,219	82,150	82,200	7,755	7,293	7,519	85,150	85,200	8,055	7,593	7,819
79,200	79,250	7,460	6,998	7,224	82,200	82,250	7,760	7,298	7,524	85,200	85,250	8,060	7,598	7,824
79,250	79,300	7,465	7,003	7,229	82,250	82,300	7,765	7,303	7,529	85,250	85,300	8,065	7,603	7,829
79,300	79,350	7,470	7,008	7,234	82,300	82,350	7,770	7,308	7,534	85,300	85,350	8,070	7,608	7,834
79,350	79,400	7,475	7,013	7,239	82,350	82,400	7,775	7,313	7,539	85,350	85,400	8,075	7,613	7,839
79,400	79,450	7,480	7,018	7,244	82,400	82,450	7,780	7,318	7,544	85,400	85,450	8,080	7,618	7,844
79,450	79,500	7,485	7,023	7,249	82,450	82,500	7,785	7,323	7,549	85,450	85,500	8,085	7,623	7,849
79,500	79,550	7,490	7,028	7,254	82,500	82,550	7,790	7,328	7,554	85,500	85,550	8,090	7,628	7,854
79,550	79,600	7,495	7,033	7,259	82,550	82,600	7,795	7,333	7,559	85,550	85,600	8,095	7,633	7,859
79,600	79,650	7,500	7,038	7,264	82,600	82,650	7,800	7,338	7,564	85,600	85,650	8,100	7,638	7,864
79,650	79,700	7,505	7,043	7,269	82,650	82,700	7,805	7,343	7,569	85,650	85,700	8,105	7,643	7,869
79,700	79,750	7,510	7,048	7,274	82,700	82,750	7,810	7,348	7,574	85,700	85,750	8,110	7,648	7,874
79,750	79,800	7,515	7,053	7,279	82,750	82,800	7,815	7,353	7,579	85,750	85,800	8,115	7,653	7,879
79,800	79,850	7,520	7,058	7,284	82,800	82,850	7,820	7,358	7,584	85,800	85,850	8,120	7,658	7,884
79,850	79,900	7,525	7,063	7,289	82,850	82,900	7,825	7,363	7,589	85,850	85,900	8,125	7,663	7,889
79,900	79,950	7,530	7,068	7,294	82,900	82,950	7,830	7,368	7,594	85,900	85,950	8,130	7,668	7,894
79,950	80,000	7,535	7,073	7,299	82,950	83,000	7,835	7,373	7,599	85,950	86,000	8,135	7,673	7,899
<b>80,000</b>					<b>83,000</b>					<b>86,000</b>				
80,000	80,050	7,540	7,078	7,304	83,000	83,050	7,840	7,378	7,604	86,000	86,050	8,140	7,678	7,904
80,050	80,100	7,545	7,083	7,309	83,050	83,100	7,845	7,383	7,609	86,050	86,100	8,145	7,683	7,909
80,100	80,150	7,550	7,088	7,314	83,100	83,150	7,850	7,388	7,614	86,100	86,150	8,150	7,688	7,914
80,150	80,200	7,555	7,093	7,319	83,150	83,200	7,855	7,393	7,619	86,150	86,200	8,155	7,693	7,919
80,200	80,250	7,560	7,098	7,324	83,200	83,250	7,860	7,398	7,624	86,200	86,250	8,160	7,698	7,924
80,250	80,300	7,565	7,103	7,329	83,250	83,300	7,865	7,403	7,629	86,250	86,300	8,165	7,703	7,929
80,300	80,350	7,570	7,108	7,334	83,300	83,350	7,870	7,408	7,634	86,300	86,350	8,170	7,708	7,934
80,350	80,400	7,575	7,113	7,339	83,350	83,400	7,875	7,413	7,639	86,350	86,400	8,175	7,713	7,939
80,400	80,450	7,580	7,118	7,344	83,400	83,450	7,880	7,418	7,644	86,400	86,450	8,180	7,718	7,944
80,450	80,500	7,585	7,123	7,349	83,450	83,500	7,885	7,423	7,649	86,450	86,500	8,185	7,723	7,949
80,500	80,550	7,590	7,128	7,354	83,500	83,550	7,890	7,428	7,654	86,500	86,550	8,190	7,728	7,954
80,550	80,600	7,595	7,133	7,359	83,550	83,600	7,895	7,433	7,659	86,550	86,600	8,195	7,733	7,959
80,600	80,650	7,600	7,138	7,364	83,600	83,650	7,900	7,438	7,664	86,600	86,650	8,200	7,738	7,964
80,650	80,700	7,605	7,143	7,369	83,650	83,700	7,905	7,443	7,669	86,650	86,700	8,205	7,743	7,969
80,700	80,750	7,610	7,148	7,374	83,700	83,750	7,910	7,448	7,674	86,700	86,750	8,210	7,748	7,974
80,750	80,800	7,615	7,153	7,379	83,750	83,800	7,915	7,453	7,679	86,750	86,800	8,215	7,753	7,979
80,800	80,850	7,620	7,158	7,384	83,800	83,850	7,920	7,458	7,684	86,800	86,850	8,220	7,758	7,984
80,850	80,900	7,625	7,163	7,389	83,850	83,900	7,925	7,463	7,689	86,850	86,900	8,225	7,763	7,989
80,900	80,950	7,630	7,168	7,394	83,900	83,950	7,930	7,468	7,694	86,900	86,950	8,230	7,768	7,994
80,950	81,000	7,635	7,173	7,399	83,950	84,000	7,935	7,473	7,699	86,950	87,000	8,235	7,773	7,999
<b>81,000</b>					<b>84,000</b>					<b>87,000</b>				
81,000	81,050	7,640	7,178	7,404	84,000	84,050	7,940	7,478	7,704	87,000	87,050	8,240	7,778	8,004
81,050	81,100	7,645	7,183	7,409	84,050	84,100	7,945	7,483	7,709	87,050	87,100	8,245	7,783	8,009
81,100	81,150	7,650	7,188	7,414	84,100	84,150	7,950	7,488	7,714	87,100	87,150	8,250	7,788	8,014
81,150	81,200	7,655	7,193	7,419	84,150	84,200	7,955	7,493	7,719	87,150	87,200	8,255	7,793	8,019
81,200	81,250	7,660	7,198	7,424	84,200	84,250	7,960	7,498	7,724	87,200	87,250	8,260	7,798	8,024
81,250	81,300	7,665	7,203	7,429	84,250	84,300	7,965	7,503	7,729	87,250	87,300	8,265	7,803	8,029
81,300	81,350	7,670	7,208	7,434	84,300	84,350	7,970	7,508	7,734	87,300	87,350	8,270	7,808	8,034
81,350	81,400	7,675	7,213	7,439	84,350	84,400	7,975	7,513	7,739	87,350	87,400	8,275	7,813	8,039
81,400	81,450	7,680	7,218	7,444	84,400	84,450	7,980	7,518	7,744	87,400	87,450	8,280	7,818	8,044
81,450	81,500	7,685	7,223	7,449	84,450	84,500	7,985	7,523	7,749	87,450	87,500	8,285	7,823	8,049
81,500	81,550	7,690	7,228	7,454	84,500	84,550	7,990	7,528	7,754	87,500	87,550	8,290	7,828	8,054
81,550	81,600	7,695	7,233	7,459	84,550	84,600	7,995	7,533	7,759	87,550	87,600	8,295	7,833	8,059
81,600	81,650	7,700	7,238	7,464	84,600	84,650	8,000	7,538	7,764	87,600	87,650	8,300	7,838	8,064
81,650	81,700	7,705	7,243	7,469	84,650	84,700	8,005	7,543	7,769	87,650	87,700	8,305	7,843	8,069
81,700	81,750	7,710	7,248	7,474	84,700	84,750	8,010	7,548	7,774	87,700	87,750	8,310	7,848	8,074
81,750	81,800	7,715	7,253	7,479	84,750	84,800	8,015	7,553	7,779	87,750	87,800	8,315	7,853	8,079
81,800	81,850	7,720	7,258	7,484	84,800	84,850	8,020	7,558	7,784	87,800	87,850	8,320	7,858	8,084
81,850	81,900	7,725	7,263	7,489	84,850	84,900	8,025	7,563	7,789	87,850	87,900	8,325	7,863	8,089
81,900	81,950	7,730	7,268	7,494	84,900	84,950	8,030	7,568	7,794	87,900	87,950	8,330	7,868	8,094
81,950	82,000	7,735	7,273	7,499	84,950	85,000	8,035	7,573	7,799	87,950	88,000	8,335	7,873	8,099

\*This column must also be used by qualifying widow(er)

Continued on next page

1998 Hawaii Tax Table (Continued)

If line 39 (taxable income) is —		And you are —			If line 39 (taxable income) is —		And you are —			If line 39 (taxable income) is —		And you are —		
At least	But less than	Single or Married filing sepa- rately	Married filing jointly *	Head of a house- hold	At least	But less than	Single or Married filing sepa- rately	Married filing jointly *	Head of a house- hold	At least	But less than	Single or Married filing sepa- rately	Married filing jointly *	Head of a house- hold
Your tax is —					Your tax is —					Your tax is —				
<b>88,000</b>					<b>91,000</b>					<b>94,000</b>				
88,000	88,050	8,340	7,878	8,104	91,000	91,050	8,640	8,178	8,404	94,000	94,050	8,940	8,478	8,704
88,050	88,100	8,345	7,883	8,109	91,050	91,100	8,645	8,183	8,409	94,050	94,100	8,945	8,483	8,709
88,100	88,150	8,350	7,888	8,114	91,100	91,150	8,650	8,188	8,414	94,100	94,150	8,950	8,488	8,714
88,150	88,200	8,355	7,893	8,119	91,150	91,200	8,655	8,193	8,419	94,150	94,200	8,955	8,493	8,719
88,200	88,250	8,360	7,898	8,124	91,200	91,250	8,660	8,198	8,424	94,200	94,250	8,960	8,498	8,724
88,250	88,300	8,365	7,903	8,129	91,250	91,300	8,665	8,203	8,429	94,250	94,300	8,965	8,503	8,729
88,300	88,350	8,370	7,908	8,134	91,300	91,350	8,670	8,208	8,434	94,300	94,350	8,970	8,508	8,734
88,350	88,400	8,375	7,913	8,139	91,350	91,400	8,675	8,213	8,439	94,350	94,400	8,975	8,513	8,739
88,400	88,450	8,380	7,918	8,144	91,400	91,450	8,680	8,218	8,444	94,400	94,450	8,980	8,518	8,744
88,450	88,500	8,385	7,923	8,149	91,450	91,500	8,685	8,223	8,449	94,450	94,500	8,985	8,523	8,749
88,500	88,550	8,390	7,928	8,154	91,500	91,550	8,690	8,228	8,454	94,500	94,550	8,990	8,528	8,754
88,550	88,600	8,395	7,933	8,159	91,550	91,600	8,695	8,233	8,459	94,550	94,600	8,995	8,533	8,759
88,600	88,650	8,400	7,938	8,164	91,600	91,650	8,700	8,238	8,464	94,600	94,650	9,000	8,538	8,764
88,650	88,700	8,405	7,943	8,169	91,650	91,700	8,705	8,243	8,469	94,650	94,700	9,005	8,543	8,769
88,700	88,750	8,410	7,948	8,174	91,700	91,750	8,710	8,248	8,474	94,700	94,750	9,010	8,548	8,774
88,750	88,800	8,415	7,953	8,179	91,750	91,800	8,715	8,253	8,479	94,750	94,800	9,015	8,553	8,779
88,800	88,850	8,420	7,958	8,184	91,800	91,850	8,720	8,258	8,484	94,800	94,850	9,020	8,558	8,784
88,850	88,900	8,425	7,963	8,189	91,850	91,900	8,725	8,263	8,489	94,850	94,900	9,025	8,563	8,789
88,900	88,950	8,430	7,968	8,194	91,900	91,950	8,730	8,268	8,494	94,900	94,950	9,030	8,568	8,794
88,950	89,000	8,435	7,973	8,199	91,950	92,000	8,735	8,273	8,499	94,950	95,000	9,035	8,573	8,799
<b>89,000</b>					<b>92,000</b>					<b>95,000</b>				
89,000	89,050	8,440	7,978	8,204	92,000	92,050	8,740	8,278	8,504	95,000	95,050	9,040	8,578	8,804
89,050	89,100	8,445	7,983	8,209	92,050	92,100	8,745	8,283	8,509	95,050	95,100	9,045	8,583	8,809
89,100	89,150	8,450	7,988	8,214	92,100	92,150	8,750	8,288	8,514	95,100	95,150	9,050	8,588	8,814
89,150	89,200	8,455	7,993	8,219	92,150	92,200	8,755	8,293	8,519	95,150	95,200	9,055	8,593	8,819
89,200	89,250	8,460	7,998	8,224	92,200	92,250	8,760	8,298	8,524	95,200	95,250	9,060	8,598	8,824
89,250	89,300	8,465	8,003	8,229	92,250	92,300	8,765	8,303	8,529	95,250	95,300	9,065	8,603	8,829
89,300	89,350	8,470	8,008	8,234	92,300	92,350	8,770	8,308	8,534	95,300	95,350	9,070	8,608	8,834
89,350	89,400	8,475	8,013	8,239	92,350	92,400	8,775	8,313	8,539	95,350	95,400	9,075	8,613	8,839
89,400	89,450	8,480	8,018	8,244	92,400	92,450	8,780	8,318	8,544	95,400	95,450	9,080	8,618	8,844
89,450	89,500	8,485	8,023	8,249	92,450	92,500	8,785	8,323	8,549	95,450	95,500	9,085	8,623	8,849
89,500	89,550	8,490	8,028	8,254	92,500	92,550	8,790	8,328	8,554	95,500	95,550	9,090	8,628	8,854
89,550	89,600	8,495	8,033	8,259	92,550	92,600	8,795	8,333	8,559	95,550	95,600	9,095	8,633	8,859
89,600	89,650	8,500	8,038	8,264	92,600	92,650	8,800	8,338	8,564	95,600	95,650	9,100	8,638	8,864
89,650	89,700	8,505	8,043	8,269	92,650	92,700	8,805	8,343	8,569	95,650	95,700	9,105	8,643	8,869
89,700	89,750	8,510	8,048	8,274	92,700	92,750	8,810	8,348	8,574	95,700	95,750	9,110	8,648	8,874
89,750	89,800	8,515	8,053	8,279	92,750	92,800	8,815	8,353	8,579	95,750	95,800	9,115	8,653	8,879
89,800	89,850	8,520	8,058	8,284	92,800	92,850	8,820	8,358	8,584	95,800	95,850	9,120	8,658	8,884
89,850	89,900	8,525	8,063	8,289	92,850	92,900	8,825	8,363	8,589	95,850	95,900	9,125	8,663	8,889
89,900	89,950	8,530	8,068	8,294	92,900	92,950	8,830	8,368	8,594	95,900	95,950	9,130	8,668	8,894
89,950	90,000	8,535	8,073	8,299	92,950	93,000	8,835	8,373	8,599	95,950	96,000	9,135	8,673	8,899
<b>90,000</b>					<b>93,000</b>					<b>96,000</b>				
90,000	90,050	8,540	8,078	8,304	93,000	93,050	8,840	8,378	8,604	96,000	96,050	9,140	8,678	8,904
90,050	90,100	8,545	8,083	8,309	93,050	93,100	8,845	8,383	8,609	96,050	96,100	9,145	8,683	8,909
90,100	90,150	8,550	8,088	8,314	93,100	93,150	8,850	8,388	8,614	96,100	96,150	9,150	8,688	8,914
90,150	90,200	8,555	8,093	8,319	93,150	93,200	8,855	8,393	8,619	96,150	96,200	9,155	8,693	8,919
90,200	90,250	8,560	8,098	8,324	93,200	93,250	8,860	8,398	8,624	96,200	96,250	9,160	8,698	8,924
90,250	90,300	8,565	8,103	8,329	93,250	93,300	8,865	8,403	8,629	96,250	96,300	9,165	8,703	8,929
90,300	90,350	8,570	8,108	8,334	93,300	93,350	8,870	8,408	8,634	96,300	96,350	9,170	8,708	8,934
90,350	90,400	8,575	8,113	8,339	93,350	93,400	8,875	8,413	8,639	96,350	96,400	9,175	8,713	8,939
90,400	90,450	8,580	8,118	8,344	93,400	93,450	8,880	8,418	8,644	96,400	96,450	9,180	8,718	8,944
90,450	90,500	8,585	8,123	8,349	93,450	93,500	8,885	8,423	8,649	96,450	96,500	9,185	8,723	8,949
90,500	90,550	8,590	8,128	8,354	93,500	93,550	8,890	8,428	8,654	96,500	96,550	9,190	8,728	8,954
90,550	90,600	8,595	8,133	8,359	93,550	93,600	8,895	8,433	8,659	96,550	96,600	9,195	8,733	8,959
90,600	90,650	8,600	8,138	8,364	93,600	93,650	8,900	8,438	8,664	96,600	96,650	9,200	8,738	8,964
90,650	90,700	8,605	8,143	8,369	93,650	93,700	8,905	8,443	8,669	96,650	96,700	9,205	8,743	8,969
90,700	90,750	8,610	8,148	8,374	93,700	93,750	8,910	8,448	8,674	96,700	96,750	9,210	8,748	8,974
90,750	90,800	8,615	8,153	8,379	93,750	93,800	8,915	8,453	8,679	96,750	96,800	9,215	8,753	8,979
90,800	90,850	8,620	8,158	8,384	93,800	93,850	8,920	8,458	8,684	96,800	96,850	9,220	8,758	8,984
90,850	90,900	8,625	8,163	8,389	93,850	93,900	8,925	8,463	8,689	96,850	96,900	9,225	8,763	8,989
90,900	90,950	8,630	8,168	8,394	93,900	93,950	8,930	8,468	8,694	96,900	96,950	9,230	8,768	8,994
90,950	91,000	8,635	8,173	8,399	93,950	94,000	8,935	8,473	8,699	96,950	97,000	9,235	8,773	8,999

\*This column must also be used by qualifying widow(er)

Continued on next page

# 1998 Hawaii Tax Table (Continued)

If line 39 (taxable income) is —		And you are —			If line 39 (taxable income) is —		And you are —			If line 39 (taxable income) is —		And you are —		
At least	But less than	Single or Married filing sepa- rately	Married filing jointly *	Head of a house- hold	At least	But less than	Single or Married filing sepa- rately	Married filing jointly *	Head of a house- hold	At least	But less than	Single or Married filing sepa- rately	Married filing jointly *	Head of a house- hold
Your tax is —					Your tax is —					Your tax is —				
<b>97,000</b>					<b>98,000</b>					<b>99,000</b>				
<b>97,000</b>	<b>97,050</b>	9,240	8,778	9,004	<b>98,000</b>	<b>98,050</b>	9,340	8,878	9,104	<b>99,000</b>	<b>99,050</b>	9,440	8,978	9,204
<b>97,050</b>	<b>97,100</b>	9,245	8,783	9,009	<b>98,050</b>	<b>98,100</b>	9,345	8,883	9,109	<b>99,050</b>	<b>99,100</b>	9,445	8,983	9,209
<b>97,100</b>	<b>97,150</b>	9,250	8,788	9,014	<b>98,100</b>	<b>98,150</b>	9,350	8,888	9,114	<b>99,100</b>	<b>99,150</b>	9,450	8,988	9,214
<b>97,150</b>	<b>97,200</b>	9,255	8,793	9,019	<b>98,150</b>	<b>98,200</b>	9,355	8,893	9,119	<b>99,150</b>	<b>99,200</b>	9,455	8,993	9,219
<b>97,200</b>	<b>97,250</b>	9,260	8,798	9,024	<b>98,200</b>	<b>98,250</b>	9,360	8,898	9,124	<b>99,200</b>	<b>99,250</b>	9,460	8,998	9,224
<b>97,250</b>	<b>97,300</b>	9,265	8,803	9,029	<b>98,250</b>	<b>98,300</b>	9,365	8,903	9,129	<b>99,250</b>	<b>99,300</b>	9,465	9,003	9,229
<b>97,300</b>	<b>97,350</b>	9,270	8,808	9,034	<b>98,300</b>	<b>98,350</b>	9,370	8,908	9,134	<b>99,300</b>	<b>99,350</b>	9,470	9,008	9,234
<b>97,350</b>	<b>97,400</b>	9,275	8,813	9,039	<b>98,350</b>	<b>98,400</b>	9,375	8,913	9,139	<b>99,350</b>	<b>99,400</b>	9,475	9,013	9,239
<b>97,400</b>	<b>97,450</b>	9,280	8,818	9,044	<b>98,400</b>	<b>98,450</b>	9,380	8,918	9,144	<b>99,400</b>	<b>99,450</b>	9,480	9,018	9,244
<b>97,450</b>	<b>97,500</b>	9,285	8,823	9,049	<b>98,450</b>	<b>98,500</b>	9,385	8,923	9,149	<b>99,450</b>	<b>99,500</b>	9,485	9,023	9,249
<b>97,500</b>	<b>97,550</b>	9,290	8,828	9,054	<b>98,500</b>	<b>98,550</b>	9,390	8,928	9,154	<b>99,500</b>	<b>99,550</b>	9,490	9,028	9,254
<b>97,550</b>	<b>97,600</b>	9,295	8,833	9,059	<b>98,550</b>	<b>98,600</b>	9,395	8,933	9,159	<b>99,550</b>	<b>99,600</b>	9,495	9,033	9,259
<b>97,600</b>	<b>97,650</b>	9,300	8,838	9,064	<b>98,600</b>	<b>98,650</b>	9,400	8,938	9,164	<b>99,600</b>	<b>99,650</b>	9,500	9,038	9,264
<b>97,650</b>	<b>97,700</b>	9,305	8,843	9,069	<b>98,650</b>	<b>98,700</b>	9,405	8,943	9,169	<b>99,650</b>	<b>99,700</b>	9,505	9,043	9,269
<b>97,700</b>	<b>97,750</b>	9,310	8,848	9,074	<b>98,700</b>	<b>98,750</b>	9,410	8,948	9,174	<b>99,700</b>	<b>99,750</b>	9,510	9,048	9,274
<b>97,750</b>	<b>97,800</b>	9,315	8,853	9,079	<b>98,750</b>	<b>98,800</b>	9,415	8,953	9,179	<b>99,750</b>	<b>99,800</b>	9,515	9,053	9,279
<b>97,800</b>	<b>97,850</b>	9,320	8,858	9,084	<b>98,800</b>	<b>98,850</b>	9,420	8,958	9,184	<b>99,800</b>	<b>99,850</b>	9,520	9,058	9,284
<b>97,850</b>	<b>97,900</b>	9,325	8,863	9,089	<b>98,850</b>	<b>98,900</b>	9,425	8,963	9,189	<b>99,850</b>	<b>99,900</b>	9,525	9,063	9,289
<b>97,900</b>	<b>97,950</b>	9,330	8,868	9,094	<b>98,900</b>	<b>98,950</b>	9,430	8,968	9,194	<b>99,900</b>	<b>99,950</b>	9,530	9,068	9,294
<b>97,950</b>	<b>98,000</b>	9,335	8,873	9,099	<b>98,950</b>	<b>99,000</b>	9,435	8,973	9,199	<b>99,950</b>	<b>100,000</b>	9,535	9,073	9,299

**100,000 OR OVER —**  
**You MUST use the tax rate schedules.**

\*This column must also be used by qualifying widow(er)



# 1998 Tax Rate Schedules

**CAUTION — If your taxable income is less than \$100,000, you MUST use the Tax Table.**

## Schedule I

### SINGLE TAXPAYERS AND MARRIED FILING SEPARATE RETURNS

Use this schedule if you checked Filing Status Box 1 or 3 on Form N-15	If the amount on Form N-15, Line 39 is	Your tax is
	Not over \$1,500.....	2% of taxable income
	Over \$1,500 but not over \$2,500.....	\$ 30.00 plus 4% over \$1,500
	Over \$2,500 but not over \$3,500.....	\$ 70.00 plus 6% over \$2,500
	Over \$3,500 but not over \$5,500.....	\$ 130.00 plus 7.25% over \$3,500
	Over \$5,500 but not over \$10,500.....	\$ 275.00 plus 8% over \$5,500
	Over \$10,500 but not over \$15,500.....	\$ 675.00 plus 8.75% over \$10,500
	Over \$15,500 but not over \$20,500.....	\$ 1,112.50 plus 9.5% over \$15,500
	Over \$20,500.....	\$ 1,587.50 plus 10% over \$20,500

## Schedule II

### MARRIED TAXPAYERS FILING JOINT RETURNS AND CERTAIN WIDOWS AND WIDOWERS

Use this schedule if you checked Filing Status Box 2 or 5 on Form N-15	If the amount on Form N-15, Line 39 is	Your tax is
	Not over \$3,000.....	2% of taxable income
	Over \$3,000 but not over \$5,000.....	\$ 60.00 plus 4% over \$3,000
	Over \$5,000 but not over \$7,000.....	\$ 140.00 plus 6% over \$5,000
	Over \$7,000 but not over \$11,000.....	\$ 260.00 plus 7.25% over \$7,000
	Over \$11,000 but not over \$21,000.....	\$ 550.00 plus 8% over \$11,000
	Over \$21,000 but not over \$31,000.....	\$ 1,350.00 plus 8.75% over \$21,000
	Over \$31,000 but not over \$41,000.....	\$ 2,225.00 plus 9.5% over \$31,000
	Over \$41,000.....	\$ 3,175.00 plus 10% over \$41,000

## Schedule III

### UNMARRIED HEADS OF HOUSEHOLD

Use this schedule if you checked Filing Status Box 4 on Form N-15	If the amount on Form N-15, Line 39 is	Your tax is
	Not over \$1,500.....	2% of taxable income
	Over \$1,500 but not over \$2,500.....	\$ 30.00 plus 3% over \$1,500
	Over \$2,500 but not over \$3,500.....	\$ 60.00 plus 4.5% over \$2,500
	Over \$3,500 but not over \$5,500.....	\$ 105.00 plus 5.9% over \$3,500
	Over \$5,500 but not over \$11,000.....	\$ 223.00 plus 7.25% over \$5,500
	Over \$11,000 but not over \$21,000.....	\$ 621.75 plus 8.6% over \$11,000
	Over \$21,000 but not over \$41,000.....	\$ 1,481.75 plus 9.6% over \$21,000
	Over \$41,000.....	\$ 3,401.75 plus 10% over \$41,000

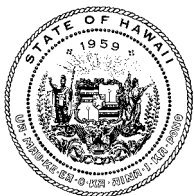
## Notes

## Notes

## Notes

## Notes

## Notes



# TAX FACTS

From the State of Hawaii, Department of Taxation

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## ALL ABOUT THE HAWAII USE TAX

The Department of Taxation wishes to advise everyone about the Hawaii use tax. It is one of the least understood taxes despite the fact that anyone, including more than 180,000 registered Hawaii businesses, who orders something from a mail order catalog or who purchases goods outside of Hawaii may be subject to this tax.

The use tax is meant to complement the general excise tax which is a tax most taxpayers doing business in Hawaii must pay on the gross income they derive from business activity in Hawaii. Because sellers in Hawaii must pay the general excise tax, it puts them at a price disadvantage with out-of-State businesses not subject to this tax. The use tax equalizes the tax on a transaction by requiring those acquiring goods (for example, cars, clothes, jewelry, computers, equipment, etc.) from out-of-State sellers to pay a tax at the same rate that an in-State seller would have paid in general excise tax if the sale had occurred in Hawaii. The use tax is 1/2 of 1% for those who import goods for resale at retail in Hawaii; 4% for all other uses.

The Department therefore wishes to provide information, to educate taxpayers, and to answer questions to help Hawaii taxpayers comply with the use tax law. With nearly a million people living in Hawaii, the Department knows that it is impossible to monitor all the spending activities of its residents.

The following examples explain the use tax and answer some of the most commonly asked questions regarding this tax.

1. There was a 4% tax charged for Hawaii on the invoice when I ordered items out of a catalog from a company on the mainland. Do I have to pay it?

Yes. Hawaii residents who shop through mail-order catalogs from sellers outside of Hawaii probably aren't aware that they must pay the state a 4 percent use tax for "imported" items when purchased from out-of-state sellers, such as mail-order companies, who are not licensed to do business in Hawaii.

For ease of administration and convenience to the customers, states prefer that mail-order companies collect and pay the use tax for their customers. If the mail-order company does not collect and pay the tax, the purchaser is responsible for paying the use tax to the state.

Depending on the mail-order companies' activities and presence in Hawaii, they may or may not be obligated to collect and pay the use tax under current interpretations of the U.S. Constitution. Many mail-order companies, nevertheless, have voluntarily assumed such an obligation for the convenience of their customers and to avoid legal uncertainties.

2. I purchased an article of clothing in another state and paid that state's sales tax, which was 3%. Do I also have to pay the Hawaii use tax when I bring the item back to Hawaii?

Yes. The law requires you to report the "landed" value (generally the purchase price plus shipping and handling fees) of the item and to pay the use tax on that value. However, any sales tax you pay to another state may be taken as a credit to offset the Hawaii use tax. The sales tax you paid on any item only may be used to offset the use tax on that item. Any excess sales tax paid may not be used to offset the use tax due on the landed value of a different item, nor will it be refunded. Therefore, the maximum amount of credit which you can claim is the lesser of the sales tax paid on the specific item imported, or the use tax due on the landed value of the same imported item. If the sales tax you paid is less than the use tax due, you will have to report and pay a use tax on the difference.

For example:

Sales price of item purchased in state C	-	\$100.00
State C's sales tax paid (3%)	-	3.00
Cost of shipping and handling fees, etc.	-	10.00

Total landed value of item is the sales price of the item plus shipping and handling fees. It does not include the sales tax paid. Therefore the total landed value is \$110.00.

The Hawaii use tax rate is 4%.

The Hawaii use tax due is  $\$110.00 \times 4\% = \$4.40$

However, because the sales tax paid (\$3) to state C is less than the Hawaii use tax due (\$4.40), the difference, or \$1.40, is due to the State of Hawaii.

3. What if the sales tax paid to the other state was more than 4%?

If the sales tax paid to the other state was equal to or more than Hawaii's 4% use tax, the Department is administratively allowing you not to report or pay a use tax on those items as there would be no additional tax due. Therefore, no report needs to be filed in this case.

It is quite possible that many travelers to the continental U.S. may not owe the use tax upon returning to Hawaii because most states, such as California, Nevada, and Florida, have a sales tax that is higher than Hawaii's 4% use tax. However, there are a few states, such as Oregon, that do not have a sales tax.

4. How should I report and pay the use tax due?

Individual, nonbusiness taxpayers who must pay the use tax should use Form G-26 (Use Tax Return - Imports for Consumption) which can be ordered by calling 587-7572, or 1-800-222-7572. As an alternative, you can choose to write the Department a letter (P.O. Box 259, Honolulu, Hawaii 96809-0259) with a check or money order payable to "Hawaii State Tax Collector." The letter should contain the following information:

- (1) Purchaser's name;
- (2) Social security number;
- (3) Date the property was imported; and
- (4) Fair and reasonable cash value of the imported property (the sales price, shipping and handling fees, insurance costs, custom duty, etc.)

The Department will not require you to file a sales receipt with the report or letter, but you must be able to produce the receipt if you are audited.

5. When is the use tax payment due?

The use tax payment is due the month after the purchased items are brought into the State. Although penalty and interest amounts are due on late paid taxes, the Department will not assess these amounts on nonbusiness late filers for now. Since the Department realizes that most people have been unaware about the use tax, the Department is not asking taxpayers to report and pay use taxes due in previous years; the Department is asking taxpayers to begin reporting now for current and future purchases.

The Department also realizes that the reporting requirements for nonbusiness individuals can be burdensome when the amount of use tax due is small. This is why the Department is being liberal in waiving penalties and interest in late filings for now. Also, if the amount of tax to be reported is so small (under \$10.00) as to make it impractical to report monthly, the Department will not impose penalties and interest if the nonbusiness taxpayer postpones filing to consolidate reporting with additional purchases. In addition, the Department is not insisting that every nonbusiness taxpayer apply for a separate use tax identification number.

Problems relating to use tax collections are not unique to Hawaii. They are experienced by all states which impose a use tax. For this reason, legislation has been introduced at the national level, in Congress (S-545), which could require all mail-order companies to collect the tax for the states.

Hawaii's tax system has always operated under the concept of voluntary tax compliance. Thus, it is up to Hawaii's taxpayers to take their civic responsibilities seriously and to make an effort to report and pay their state taxes.

If any taxpayer would like more information on the use tax, the Department of Taxation has a brochure entitled, An Introduction to the Use Tax. It can be requested from any of our district tax offices.

**For More Information Contact: Taxpayer Services at 587-4242**

*(This is a reproduction of the originally issued document)*

# Index to Instructions

<b>A</b>	<b>Page</b>	<b>H</b>	<b>Page</b>	<b>R</b>	<b>Page</b>
Abandoned Spouse.....	9	Highlights for 1998		Records — How Long to Keep .....	27
Address Change.....	27	(Changes and Important Reminders) .....	2	Refund (or Balance Due) .....	26
Addresses of Taxation District Offices.....	6			Reminders.....	27
Adjustments to Income.....	16-18	<b>I</b>		Rent — Income .....	15
Alimony —		Income Tax Withholding .....	25	Residence, Sale of .....	14
Paid .....	17	Income —		Resident.....	5
Received .....	12	Not To Be Reported.....	11	Retirement Plan Payments .....	14-15
Amended Return .....	28	To Be Reported .....	11	Rounding Off to Whole Dollars .....	11
Annuities.....	14-15	Individual Housing Accounts —			
Attachments to Return.....	27	Distributions From.....	16	<b>S</b>	
<b>B</b>		Payments To.....	18	Sale of Your Home.....	14
Balance Due (or Refund).....	26	Tax Liability upon sale or transfer .....	16	Social Security Number.....	8
Bartering.....	11	Individual Retirement		Steps for Preparing Your Return... 7-10 and 27	
Birth or Death of Dependent.....	10	Arrangements (IRA).....	16	Student Dependent-Exemption.....	10
Blind, Deaf, or Totally		Interest Expense.....	20		
Disabled Person .....	23	Interest Income .....	12	<b>T</b>	
Business Income .....	13	Interest — Late Payment of Tax.....	27	Tax —	
Business Use of Your Home .....	22	Interest — Penalty on Early Withdrawal		Computation.....	23
		of Savings .....	17	Other Methods of Computing .....	23
<b>C</b>		Itemized Deductions —		Other —	
Capital Gain Distributions.....	12, 13	You Choose to Itemize Deductions .....	18	Accumulation Distributions of	
Capital Gains and Losses .....	13	You MUST Itemize Deductions.....	18	Trusts .....	23
Casualty and Theft Losses.....	21	<b>K</b>		Computation of Tax for Children	
Change in Federal Taxable Income .....	28	Keogh Plan (HR-10) .....	17	Under Age 14 Who Have Investment	
Changes for 1998.....	2			Income of More Than \$1,000 .....	23
Child and Dependent Care Expenses —		<b>M</b>		Distribution from an Individual	
Credit for.....	29-31	Married Persons —		Housing Account .....	16
Composite tax returns and payments.....	7	Joint or Separate Returns.....	8	Lump-Sum Distributions- 5 Year	
Contributions to Charity.....	20	Married Persons Who Live Apart		Averaging .....	23
Credits Against Tax.....	24-26 and 28-31	(and Abandoned Spouses) .....	9	Parent's Election to Report Child's	
		Special Rule for Aliens.....	8	Interest and Dividends.....	34
<b>D</b>		Medical and Dental Expenses .....	19	Recapture of Capital Goods	
Death of Taxpayer.....	6	Miscellaneous Itemized Deductions .....	21	Excise Tax Credit .....	23
Dependents — Exemptions.....	9	Moving Expenses .....	17	Recapture of Low-Income	
Disability — Exemption .....	23	Multistate Tax Compact Act.....	7	Housing Tax Credit.....	23
Dividends, Other Distributions.....	12			Sale of Your Home Purchased with	
Divorced or Separated Parents .....	10	<b>N</b>		proceeds from an Individual	
Domicile Defined .....	5	Net Operating Loss.....	16 and 18	Housing Account .....	16
		Nonresident .....	5	Tax Credits.....	24-26 and 28-31
<b>E</b>		Nonresident Alien —		Tax Facts .....	55
Educational Expenses.....	22	Filing a Joint Return.....	8	Tax Rate Schedules.....	49
Employee Business Expenses .....	22	Who Must File.....	5	Tax Table .....	37-48
Estimated Tax .....	7 and 25	Nontaxable Income (Examples).....	11	Taxable Income (Examples) .....	11
Exemptions.....	9-10 and 23			Taxes You Can Deduct.....	19
		<b>O</b>		Tip Income .....	11
<b>F</b>		Other Income.....	15	<b>U</b>	
Filing Requirements —				Unemployment Compensation.....	15
Extension of Time to File.....	6	<b>P</b>			
When to File .....	6	Payments (Amount You Owe) .....	26	<b>W</b>	
Where to File .....	6	Penalty		When to File.....	6
Which Form to File .....	6	— Late Filing.....	27	Where to File.....	6
Who Must File.....	5	— Underpayment of		Which Form to File .....	6
Who Should File .....	5	Estimated Tax .....	27	Who Must File .....	5
Filing Status.....	8	Pensions and Annuities .....	14-15	Who Should File.....	5
Food Tax Credit.....	28	Political Campaigns- Hawaii Election		Widows and Widowers, Qualifying.....	9
Forms .....	3	\$2 Check-off .....	8	Winnings — Prizes, Gambling and	
Forms by Fax .....	4	Preparer — Did You Have Someone Else		Lotteries (Other Income) .....	15
		Prepare Your Return?.....	27	Withholding — Hawaii Tax.....	25
<b>H</b>				Worksheets .....	32-35
Head of Household.....	9				